Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain ... Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y650	Singapore . S$ 4.10
Canada .... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus ... Mils 500	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan ... NT $65
France .. FFr. 6.00	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 150
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,229 — Wednesday January 25 1984 — D 8523 B

Simone Veil – social conscience of the French right, Page 2

NEWS SUMMARY

GENERAL

Andropov olive branch to Reagan

Soviet President Yuri Andropov responded to President Ronald Reagan's call for a more constructive U.S. dialogue by indicating Soviet willingness to negotiate.

But, he said, the U.S. would have to stop trying to conduct talks from a position of strength.

In an interview in the newspaper Pravda today he said there was no sign that the U.S. had changed its negative approach.

Mr Andropov repeated the Soviet call for the U.S. to remove cruise and Pershing 2 missiles from Western Europe as a condition for resuming the Geneva nuclear arms talks.

Farmers protest

French pork farmers blocked railway lines in Brittany with trucks and tractors in an anti-Government protest.

Turks sentenced

Eight people were sentenced to death and three to life imprisonment at a trial of 291 left-wingers accused of plotting to overthrow the Turkish state.

Iraq gets missiles

Iraq has taken delivery of long-range Soviet-made SS-12 missiles, increasing its ability to hit Iranian oil installations and other targets.

Kuwait arms vote

Kuwait's parliament voted 28-8 against setting up an independent arms industry.

Morocco strike

Workers struck in the Moroccan city of Nador, the scene of riots last Friday. Most shops, businesses and schools were closed.

Hunger strike claim

Imprisoned Soviet dissident Anatoly Shcharansky is on hunger strike, the International Society for Human Rights said.

Guard on 'spy'

Norway has put tight security around alleged spy Arne Treholt, who has been remanded in custody for 12 weeks, to protect him against possible attempts on his life by foreign agents.

Namibia deaths

Three civilians have been killed in Namibia and nine injured this week by mines planted by black nationalist guerrillas, the South African military authorities said.

Abortion bill rift

Portugal's Socialist-Social Democrat coalition is divided over Socialist private member's bill to legalise abortion in limited circumstances. The bill is to be debated today and tomorrow.

Alcohol warning

Alcohol use in Australia has reached epidemic proportions, David Hawks, director of Western Australia's alcohol and drug authority, said.

Rally spectator dies

A spectator was killed and several others injured when two Monte Carlo rally cars ran into the crowd near Valence, southern France.

Dressing down

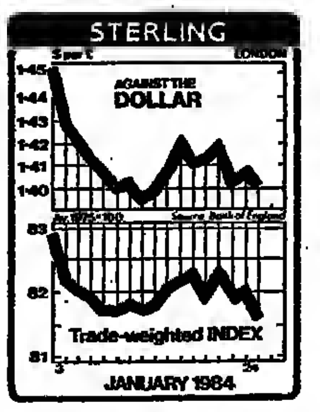
Swaziland Premier Prince Bhekempi Dlamini urged Swazi women to stop wearing trousers, miniskirts and see-through dresses.

BUSINESS

Distillers bids for its U.S. agent

DISTILLERS, the leading supplier of Scotch whisky, is negotiating to buy Somerset Importers, the exclusive distributor in the U.S. of its Johnnie Walker whiskies and Tanqueray gin. Page 12

DOLLAR improved in thin trading, rising to DM 2.821 (from DM 2.8105), FFr 8.625 (FFr 8.5925), SwFr 2.244 (SwFr 2.235), and Y234.25 (Y233.8). Its Bank of England trade-weighted index rose from 131.6 to 132. In New York it closed at DM 2.8265; SwFr 2.2470; FFr 8.6337; and Y234.30. Page 29



STERLING closed 55 points down in London at $1.401 and fell below $1.40 in early New York trading. It also eased to FFr 12.08 (FFr 12.0825) and Y328.5 (Y329), but finished unchanged in London at DM 3.955 and SwFr 3.145. Its trade weighting was down from 82 on Monday to 81.6. In New York it closed at $1.4020. Page 29

GOLD fell $0.25 to $365.125 in London, by the same amount in Frankfurt to $365.25, and by $6 in Zurich to $365.25. In New York, the Comex January settlement was $368.5 ($365.9). Page 28

LONDON: FT Industrial Ordinary index rose 10 points to 824.9. Government securities showed some modest gains. Page 23; FT Share Information Service, Pages 24, 25

PARIS: CAC Générale index advanced 3.8 to a record 171.8, about 70 per cent up on a year ago. Report, Page 19; Leading prices, Page 22

WALL STREET: Dow Jones industrial average closed 1.57 down at 1,242.88. Report, Page 19; Full share prices, Pages 20–22

TOKYO: Nikkei Dow index shed 48.06 and the Stock Exchange index slipped 2.24 to 760.93. Report, Page 19; Leading prices, other exchanges, Page 22

HUNGARY is expected to start negotiations soon on a trade agreement with the EEC, after over a year of behind-the-scenes contacts. Page 12

JAPAN will increase defence spending in the next financial year by 6.55 per cent to Y2,934bn ($12.5bn), well above the level wanted by the Finance Ministry.

UGANDA AND KENYA need nearly $1bn between them in 1984, and the same amount next year, according to World Bank calculations to be put before Paris aid meetings today and next week. Page 12

STANDARD OIL of California reported fourth-quarter earnings 5 per cent down at $403m, but 1983 earnings 15.5 per cent up at $1.59bn.

APPLE COMPUTER, which yesterday launched its Macintosh model, reported net income for the quarter ended December 75 per cent down at $5.8m. Page 12

WE REGRET latest New York indices and Canadian closing prices were not available for this edition because of a mechanical failure in Frankfurt.

Shell seeks full control of U.S. unit for $5.2bn

BY RICHARD JOHNS AND IAN HARGREAVES IN LONDON

Shell, the Anglo-Dutch oil company, yesterday offered to pay $5.2 bn to complete its control of its U.S. affiliate, Shell Oil. Shell said it would pay $55 a share for 30 per cent of Shell Oil, which is in its own right the sixth largest of the American oil companies.

Royal Dutch/Shell, the second largest oil company in the world behind Exxon of the U.S., already owns 69 per cent of Shell Oil, whose own interests were greatly extended in 1979 when it paid $3.65bn for the Belridge oil company in California.

Sir Peter Baxendell, a managing director of Shell Petroleum, the holding company which actually made yesterday's offer, said the main reason for the merger was to strengthen the group's presence in the U.S.

It was clearly desirable, he said, that a major Shell operating company should be wholly owned since "this would also enable Royal Dutch/Shell group investments and operations to take place, whether in the U.S. or elsewhere, without any possible inhibitions arising out of the existence of a minority interest."

He said the deal would be funded from the group's $4bn reserves of cash and short term securities and from a mixture of existing bank standby credit and new credit lines. At the end of 1982, Shell showed reserves of £5.3bn ($7.5bn).

Shell Oil's interests span oil, gas and chemicals. The company earned $1.6bn on sales of $20.21bn in 1982. The Shell group earned £1.9bn on revenues of £49.15bn.

Shell Oil ranks fifth in the U.S. in terms of crude oil reserves, with a total of 2.25 bn barrels of crude and 7,540 bn cubic feet of gas. The company also has seven oil refineries.

London stockbrokers Scott Goff said the $55 a share offer price valued Shell Oil's reserves at just under $4 a barrel, which is a similar figure to the value placed on Getty's reserves under the terms of Texaco's recent $9.9bn offer for Getty.

Clearly increased ownership of reserves is another major attraction of the deal for Shell. The group's total reserves amount to over 7bn barrels.

Shell's offer price of $55 a share represents a substantial premium on the $44 at which the shares were being traded before the announcement, but several brokers and analysts in London and New York said an attempt by arbitrageurs and other minority shareholders to drive the price higher could not be ruled out.

Shell Oil shares closed at $54½ in New York yesterday.

Shell's move, which the company has been floating informally in the investment community for several years, can also be seen as an attempt to insulate itself from accusations from its minority shareholders that as a worldwide company with other North American interests it faces conflicts of interest in determining its U.S. investments.

Texaco's Getty Oil bid cleared, Page 12; U.S. oil company results, Page 13

Nigeria brings in new curbs to cut imports

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

THE CENTRAL Bank of Nigeria announced new foreign exchange restrictions yesterday, cutting allocations for imports during 1984 to little more than N4bn ($5.3bn) – a fraction of the level of recent years. Imports in the first half of last year totalled N4.2bn.

The bulk of the cuts will hit consumer goods imports, while raw materials and spare parts for industry will absorb 58 per cent of the available cash, according to a Central Bank circular. A further restriction stops non-residents buying airline tickets in local currency.

In London, meanwhile, officials confirmed that Barclays Bank International had been appointed to lead a syndicated loan of some £700m to £800m ($980 to $1.12bn) for Nigeria to repay exporters insured by Britain's Export Credits Guarantee Department.

Announcement of the appointment of Barclays came after a day of meetings between bankers and the top-level Nigerian delegation that was in London to negotiate rescheduling of the country's arrears on trade payments, estimated at up to $6bn.

The British bank, which has acted as agent in the refinancing of some $2bn of arrears owing on letters of credit, will now be responsible for a new loan to be guaranteed by the ECGD to repay insured exporters. Arrears of payments insured by the department are currently estimated at £700m to £800m, although the figure has yet to be finalised.

The Nigerians met the 13-member co-ordinating committee for last year's two refinancing deals, and assured them that payment of new letters of credit were up to date. In an agreed statement, the banks said that punctual repayment of the first instalment owed on the deals, made only days after the New Year's Eve military coup in Nigeria, had "facilitated the reopening of lines of credit."

The Central Bank circular in Lagos set out the limits on foreign exchange approvals – on so-called Forms M – which the commercial and merchant banks may give under a new system. Such approvals used to be the direct responsibility of the Central Bank.

Senior officials said that little more than N4bn would be available, out of a total foreign exchange income of some N8bn in 1984. This will have to cover visible and invisible payments, but will exclude debt servicing on government debt, outstanding commitments of the Central Bank, and excluded items such as defence spending, according to senior officials.

Reuter reports from Lagos: Major-General Mohammed Buhari, Nigeria's military leader, has appealed to the International Monetary Fund to review its conditions for a proposed loan to Nigeria:

A Nigerian team of negotiators is to travel to Washington on February 15 to continue the talks with the IMF.

Uganda and Kenya loans, Page 12

Opel plans to spend $2.6bn on modernising its factories

BY JOHN DAVIES IN FRANKFURT

OPEL, the West German subsidiary of General Motors of the U.S., plans to invest DM 7.4bn ($2.83bn) during the next five years to modernise its plants and introduce improvements in its vehicles.

Herr Ferdinand Beickler, the chief executive, said yesterday that this would be the biggest investment programme in Opel's history. He said it showed Opel's determination to build up its share of West German car sales and export markets.

Opel has made steady gains in sales during the past two years, and its European sales last year were up 23 per cent on 1982.

About DM 4.7bn of the new investment programme will go to Opel's headquarters factory at Rüsselsheim. Modernisation of the Bochum plant, already under way, will take up a further DM 2.2bn.

Opel was silent about the impact of its investment plans on jobs – a highly controversial issue

Officials of the metalworkers' union, IG Metall, have claimed that Opel envisages cutting its workforce by about 4 per cent a year, reducing the number of employees by more than 10,000 during the next five years. But Opel has repeatedly denied that it has made any decision about staffing levels.

Kenneth Gooding, Motor Industry Correspondent adds: Herr Beickler insisted yesterday that the investment planned for Rüsselsheim "is an emphatic demonstration of the fact that Rüsselsheim will maintain its position as an important automobile-manufacturing city."

Of the total investment, DM 550m is earmarked for the company's Kaiserslautern plant.

Herr Beickler pointed out again that Opel, with its sister company Vauxhall in Britain, had registered the largest growth rate in Europe among all the volume car manufacturers in each of the last two years.

The Opel-Vauxhall penetration of Western Europe's car market increased from 9.6 per cent to a best-ever 11.1 per cent in 1983. In unit terms, sales reached a record 1.17m, up by 215,000 or 23 per cent on 1982.

Herr Beickler said recently that this year he expects 1.2m Opel and Vauxhall cars to be sold in Western Europe.

During 1984, Opel is to replace its best-selling Model, the Kadett (sold in Britain as the Vauxhall Astra). The new Kadett will be launched in the autumn. Last year, Kadett/Astra registrations totalled 400,000 compared with 350,000 for the Opel Ascona/Vauxhall Cavalier range.

Bethlehem Steel petitions for limit on imports

By Stewart Fleming in Washington

BETHLEHEM STEEL, the second-largest U.S. steel producer, moved yesterday to intensify the industry's pressure for increased protection from carbon steel imports. The group filed a petition with the International Trade Commission (ITC) calling for a 15 per cent limit to all imports for five years.

The Bethlehem decision, undertaken jointly with the United Steelworkers of America, represents the broadest attack on steel imports using the 1974 Trade Act. The move has already been criticised by other steel industry executives and might undermine the quota agreement that the U.S. concluded with the European Common Market at the end of 1982. That agreement limits EEC exports to just over 5 per cent of the U.S. market.

Viscount Etienne Davignon, EEC Industry Commissioner, warned in Washington last week that the Community reserved the right to abrogate that agreement if Bethlehem filed the suit, but he carefully refrained from stating that the EEC would take such action.

Bethlehem itself, in what appeared to be an effort to avert the threat, said that the suit, under section 201 of the Trade Act, was "directed at Third World producers. Our quarrel is not with the Europeans," it added.

Under Section 201, however, the U.S. is required to investigate all imports, rather than to distinguish between fair and unfair trade.

The ITC has six months to investigate the case and must find that imports are a cause of the injury that Bethlehem, with the United Steelworkers of America, the main steel industry trade union, say exists.

The final decision on whether to impose quotas remains with the President.

Bethlehem's action is the latest in a series of steps the U.S. steel industry is taking to curb imports, above all those from Third World producers, such as Brazil and Mexico.

Imports from such debt-laden steel manufacturing countries have risen sharply during the past few years and now account for 38 per cent of total carbon steel imports, filling the gap left

Continued on Page 12

France to give further aid to shipyards

BY PAUL BETTS IN PARIS

THE FRENCH Government decided last night to bail out the country's troubled shipbuilding sector with additional subsidies that could total between FFr 3.5bn and FFr 4bn ($460m–$465m) this year.

M Guy Lengagne, the French Secretary of State for the Sea, said last night that as a first step to support the country's five main shipyards, the Government would subsidise orders for five new ships.

He also said the Government had agreed to inject immediately an additional FFr 130m into the troubled Chantiers du Nord et de la Méditerranée (Normed) group to avoid the company's being forced to file for bankruptcy.

Normed had already received FFr 725m in government aid before Christmas.

M Lengagne said the Government had committed itself to maintain all the country's five main shipyards as going operations. He made the announcement after a day of intensive talks between the Government the unions and representatives of the shipyards.

About 3,000 shipbuilding workers demonstrated in the streets of Paris yesterday against the threat of substantial redundancies and the threat of the closure of one or more yards.

The Secretary of State said new orders for the five shipyards had fallen from 200,000 tonnes in 1982 to 105,000 tonnes in 1983. The capacity of the five yards totalled 350,000 tonnes a year.

Although declining to give specific financial aid figures, he said the Government was prepared to subsidise this year orders totalling between 260,000 tonnes and 280,000 tonnes to keep the shipyards afloat and prevent any closures.

The Secretary of State acknowledged, however, that he would overshoot his 1984 budget set at FFr 1.6bn. Despite the Government's commitment to support this year orders totalling between 260,000 tonnes and 280,000 tonnes this would still imply job reductions in the yard.

The Government was ruling out redundancies, however. The job cuts would be made through early retirement or through devices such as the new proposal for a prolonged leave of absence to workers to be retrained for other new industrial sectors.

The Government would make special efforts to encourage new industries and investments in shipbuilding regions to provide alternative employment to shipyard workers who lose their jobs.

The Government on Monday blocked an order by a French shipping company for four cargo ships from Yugoslavia.

Delors seeks boost for French industry

BY OUR PARIS STAFF

THE FRENCH Government plans to introduce legislation to boost industrial investment, M Jacques Delors, Finance and Industry Minister, told U.S. businessmen in Paris yesterday.

M Delors also said that the Government would like to relax foreign exchange controls. Finance Ministry officials said afterwards that M Delors had nothing concrete in mind at present but confirmed that he would like to relax exchange controls when the moment was opportune.

The Government was also acting to reduce the administrative obstacles to foreign investment in France and was stepping up its efforts to give French industry greater flexibility, M Delors said.

The Minister told a seminar organised by the American Chamber of Commerce in France that the Government would introduce legislation in the spring designed to help create new enterprises, offer fiscal incentives for investment, and enable salaried workers to participate in their companies' risk capital.

A system of stock options for workers would not be practicable in France, M Delors said, but the Government would present alternative proposals to allow employees to participate directly in the fortunes of their companies.

M Delors also said he still expected to see between 75 and 80 per cent of all industrial prices deregulated in France in the next six months. The French Minister claimed that

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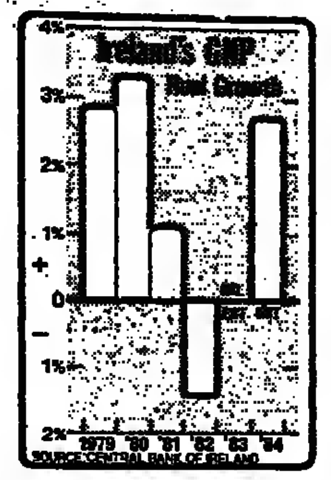

High public spending hampers economy

By Brendan Keenan in Dublin

"ONLY ONE thing can stop a recovery in the Irish economy this year," a Dublin enalyst remarked, "and that's the Government." His view reflects the doubts about what Mr Alan Dukes, the Irish Finance Minister, will announce in his budget today.

It now seems certain that the Irish economy is about to undergo one of its characteristically sharp swings. Even the usually cautious central bank has upstaged independent commentators with its forecast of a 2.75 per cent rise in gross national product (GNP) in 1984.

The basie of thie projected recovery, after two years of economic atagnation, ie a rise in personal consumption and the continuing strong performance of Irish exports. Whatever criticisms may be made of Ireland'e policy of attracting foreign companies with generoua grants and tax hreaks, the exports which have resuited, specially in electronics, have stood the country in good stead during three difficult years.

Industrial exports are expected to repeat last year's performance with a volume increase of 13 per cent. Tolal investment may increase marginally, with a 7 per cent rise in manufacturing investmeot being offset by further cuts in the Government's capital programme.

Much of the projected recovery is based on a bellef that consumer spending will rise by arouod 2 per cent. If confidence grows, the rise in consumer demand could he grealer end the recovery even more marked.

The key question is what Mr Dukes and the coalition Government, now in its second year of office, will do, for the unpalatable fact remains that there ere still severe underlying prohlems facing the economy, most of lhem due to excessive government spending.

In the past 10 years, government spending bas risen as a percentage of GNP from 35 per cent to 66 per cent and Mr Dukes still faces a horrowing requirement this year of around 13 per cent of GNP.

There hes been e remarkahle improvement in the exlernal position during 1983. The deficit on the current account of the halance of payments fell from almost 9 per cent of GNP in 1982 to 3 per cent last year. Net external borrowing feil below I£800m (£626m) compared with over I£1.1bn the previous year.

These improvements were largely achieved through sharp increases in taxation, direct and indirect. One piece of unanimous advice to Mr Dukes is that he must call off the taxman in his future strategy.

Industry is particularly concerned about the gap between gross and take-home pay caused by high merginal tex rates. A company may have to pay out up to I£4 e week to give an employee an I£1 increase, depending on the individual's tax bracket.

The Cahinet argument over spending cuts in advance of today's budget has proved difficult and the Labour Party, the junior partner in the coalition, finds cuts particularly hard to bear. Yet even the trade nnion representatives on the Irish Economic and Social Council endorsed a report saying social service expenditure might have to be cut in real terms in the year ahead.

The central bank, private bankers and the Council all agree that Mr Dukes should make further significant cuts in the borrowing requirement and the budget deficit this year, hut without recourse to increased taxes anart from a widening of the tax base.

'World first' electric van

By John Griffiths in London

THE UK motor industry has beaten European, Japanese and U.S. rivals into commercial production of electric vehicles, for which a 10,000-a-year market in the UK alone was predicted yesterday by executives of Bedford.

Mr J. T. Battenberg, general manager of Bedford, a General Motors UK Commercial Vehicles subsidiary, hailed as a "world first" a Bedford CF electric van driven off the Luton production line by Mr John Butcher, Industry Under-Secretary.

Generals' demand over Kiessling

BY JAMES BUCHAN IN BONN

WEST GERMANY's senior commanders said yesterday that Gen Guenter Kiessling, the deputy Nato commander in Europe sacked at the close of last year, must be "rehabilitated" if investigations into his dismissal require it.

Gen Wolfgang Allenburg, the armed forces chief of staff, said after a four-hour hriefing of the country's 35 troop-commanding officers that there was general consensus that the Bundeswehr and Gen Kiessling himself hed to be protected.

His lapidary statement was very much less then full-blooded backing of Herr Manfred Woerner, the Defence Minister, whose own future is now hopelessly entangled with the ever growing ramifications of the affair. Herr Woerner cancelled a meeting with foreign correspondents to attend the chief-of-staff's briefing and answer questions.

Gen Altenburg said that the officers "recognised that the Defence Minister had to take a decision" on the basis of the documents before him on December 8. This is a reference to recommendations of the MAD, the defence intelligence service, that Gen Kiessling had become a security risk after heing identified in a homosexual milieu. Even government spokesmen have thrown douht on the quality of the MAD'a evidence.

The generals' attitude, which evenly balances loyalties to the armed forces, Gen Kiessling and their superior, Herr Woerner, looks forward to what could be decisive sessions of a parliamentary committee of inquiry beginning tomorrow.

However, it was accompanied yesterday by two embarrassing revelations that will do nothing to assist the embattled minister:

- The ministry confirmed that Herr Alexander Ziegler, the editor of a Swiss bomosexual magazine, had spent mucb of last Friday afternoon at the ministry and had spoken with Herr Woerner. Gen Kiessling yesterday denied allegations Herr Ziegler made in another Swiss publication.
- The ministry also had to confirm that computer software listing Bundeswehr military procurements had been discovered in a ditch in the Eifel hills west of the Rhine.

Bonn optimistic about growth

BY RUPERT CORNWELL IN BONN

THE WEST German Economics Ministry is now officially predicting that 1984 will see a healthy combination of solid growth, low inflation and even a slight improvement in the country's current account surplus.

This picture is contained in a background paper, released by the ministry yesterday, which is serving as a working basis for a round of discussions under way between officials and representatives of both sides of industry. The talks are taking place a week before Count Otto Lambsdorff, the economics minister, presents the annual "state of the economy" report to the cabinet on February 1.

Real expansion this year should reach at least 2.5 per cent, while inflation, the ministry reckons, will stay at around 3 per cent. Such growth, it hopes, will permit a small drop in unemployment, to an average of less than 9 per cent of the workforce for 1984 as a whole.

Assuming that exchange rate fluctuations—notably a further rise in the dollar—do not push import prices aharply higher, then the current surplus might rise slightly from 1983, which is expected to produce e surplus similar to the DM 8.6bn (£2.2bn) of 1982.

In the view of the ministry's experts, foreign demand has now joined consumer apending at home as a driving force behind the recovery.

The latest indicators show that industrial output is running some 5 per cent higher than a year earlier while investment by the private sector is set to climh by a similar figure in 1984. The general level of husiness confidence was fast approaching its previous peak, reached in 1979.

Not only were domestic orders standing 7 per cent above the levels of a year earlier, but demand from foreign customers had jumped by 13.5 per cent from the trough of lete 1982.

The ministry is confident that harring unforeseen disasters like a strike wave at home or a rash of protectionism or currency upheavals abroad, West German exporters will take full advantage of the expected 4 per cent to 5 per cent growth in world trade for 1984.

Car production up 3% last year

BY JOHN DAVIES IN FRANKFURT

CAR PRODUCTION in West Germany continued to improve last year, hut output of commercial vehicles fell to the lowest level for eight years.

A total of 3.87m passenger cars were made, 3 per cent more than in 1982. Production was boosted by a sharp recovery of sales witbin West Germany and a revival in some export markets.

Although car output rose for the third year in succession, it still lagged below the peak of 3.9m in 1979—a level which the industry hopes to exceed this year as economic growth gathers pace.

Commercial vehicle production fell for the third year in a row, declining 3 per cent to 292,300. This was the lowest output since 1975 and it is the first time in five years that production has dropped below 300,000.

WEST GERMAN VEHICLE PRODUCTION
(figures in thousands)

	1978	1979	1980	1981	1982	1983
Cars	3,890	3,932	3,520	3,578	3,761	3,875
Commercial vehicles*	296	317	358	319	301	292
Total	4,186	4,249	3,878	3,897	4,062	4,167

* Including trucks, buses and other commercial vehicles.
Source: West German Automobile Industry Association (VDA)

Since the peak year of 1980, commercial vehicle output has fallen by ebout 18 per cent.

The setback last year was basically hecause of a continued decline of orders for heavy trucks from oil prodncing countries, which have cut back sharply on development projects. Production of trucks over six tonnes fell 16 per cent last year.

Commercial vehicle sales within West Germany have picked up. But the Automobile Industry Association says that lately there has been only a mild upward trend in demand for commercial vehicles on both bome and export markets.

West Germany exported 2.19m cars last year, which almost reached the 1982 level, but exports of commercial vehicles were down 12 per cent at 180,000.

Tha industry has high hopes for car exports this year, but heavy truck sales abroad are expected to languish.

EIB lent 27% more last year

By Paul Cheeseright in Brussels

HIGH unemploymeot areas absorbed Ecu 3.3bn (£1.88bn) of loans from the European Investment Bank, the EEC'e main leoding institution, last year.

The bank disclosed yesterday that its total lending last year rose 27 per cent over 1982 to nearly Ecu 6bn, while its borowing, largely through pnblic bond issues, moved np 13 per cent to Ecu 3.4bn.

"The main thrust of the lending was to help regional development," it said, and that meant that three-quarters of the Ecu 3.3bn went to areas where jobless figures have been running at least 25 per cent above the EEC average, now 10.9 per ceot.

Ireland, Italy's Mezzogiorno, Greece, Northern Ireland and Greenland were important targets of a lending programme which concentrated on providing funds for the economie infrastructure hut also made available cash for small and medium size business ventures.

Italy remains the biggest borrower of EIB funds, last year taking 47.7 per cent of the total lending in the EEC. This compared with 16.4 per cent for France, 12.6 per cent for Britain and 8.2 per cent for Greece.

Lending from the EIB's own resources within the EEC went np in 1983 te Ecu4.25bn from Ecu3.45bn in 1982. Use of the New Community Instrument—the so-called Ortoli Facility to help small business—also rose sharply to Ecu1.2bn from Ecu791m. Funds are borrowed in the name of the EEC and on-lent by the EIB.

In contrast, EIB lending outside the Community was only fractionally higher at Ecu480m, and of that 40 per cent went te Spain and Portugal, the two countries seeking to join the EEC.

The EIB has remained a regular visitor to the capital markets, raising Ecu2.25bn through bonds and Ecu1.27bn through private placements. Over half the borrowing was in Community currencies, including the Ecu itself, which accounted for 6.4 per cent of the total. Borrowing in Ecu doubled last year, testifying to the broedening of this particular market.

Greek strike ends

Several thousand Greek hospital doctors yesterday ended a 12-day strike called to protest abont gaps in the Government's plans to set np a nationalised health service by 1990, AP reports from Athens. A spokesman said the Government had agreed to raise their salaries immediately and set up new training programmes.

Renault to encourage immigrant workers to return home

BY PAUL BETTS IN PARIS

RENAULT, the French state-owned car group, is preparing measures to encourage the vnluntary return of immigrant workers to their homelands. It is concerned to avoid the bitter controversy over redundancies among immigrants that erupted a few weeks ago at the Peugeot group's Talbot car plant at Poissy, near Paris.

Like Peugeot, Renault also has a workforce bigger than it needs. However, it has sought so far to avoid redundancies end reduce jobs through early retirements. But it, too, faces a difficult problem with a large nnskilled immigrant workforce in its factories in the Paris area.

Of the 102,000 car workers Renault employs in France, more than 17,000 are immigrants. Nearly 60 per cent come from North Africa and they are concentrated at the Paris plants of Flins, Billancourt and Choisy-le-Roy.

"Our plan is designed to take preventive measures to avoid being forced to take brutal action later," said M Max Richard, Renault's personnel manager in France.

The company's proposals to assist immigrant workers to return to their homelands will be offered in concert with the Government which is itself working on incentives to encourage immigrants to return home. One proposal is to double the repatriation allowance to FFr 40,000 (£3,300)

Breton farmers vent their anger on the railways

BY DAVID HOUSEGO IN PARIS

RAIL TRAFFIC in Brittany was severely disrupted yesterday by angry farmers who hlocked lines with trucks and tractors. However, they are now to be given the chance to present their grievances to M Pierre Mauroy, the Prime Minister.

Riot police later partially cleared the main lines into the region but members of the self-styled Brelon "Committee of Economie Safety" said that "guerrilla" action would continue.

The railways were chosen for attack because of the abolition since January 1 of the concessional freight tariff given to Breton farmers because of their distance from the main markets. But this complaint has been edded to a growing list of grievances which have come to a head in recent weeks. These include the fall in pig prices, the disadvantage to French farmers of the subsidies and taxes involved in the EEC's monetary compensation amounts system, and fears of the impact of Community enlargement on vegetable prices.

The farmers have been particularly angry that the French riot police are now escorting trucks carrying pig meat from the Netherlands into France. The Breton farmers, who produce half the nation's pigs, blame the fall in prices on accelerated sales by the Dutch.

The Prime Minister's gesture in seeing the farmers' representatives on Friday is an attempt to restore calm.

Nato presents six-point plan at Stockholm talks

BY KEVIN DONE, NORDIC EDITOR, IN STOCKHOLM

THE NATO countries yesterday introduced their first concrete proposals to the European security and disarmament conference in Stockholm.

The 16 western states presented a united position hammered out after months of consultations and are hoping tn build on the momentum created by last week's meeting of 35 foreign ministers from Europe, the U.S. and Canada in the Swedish capital.

The foreign ministers' meeting marked the start of the conference on confidence- and security building measures and disarmament in Europe which is expected tn last for at least three years.

The Nato proposals call for:

- A mutual exchange of information about the organisation and location of the military forces of all participating states;
- Exchange of annual forecasts of certain military activities;
- Advanced notification of specified significant military activities;
- Invitation of observers to these activities;
- Specific arrangements to monitor and verify each state's compliance with the agreements reached at the conference; and
- Improvements in rapid communications among the 35 governments.

The six-point package was presented on behalf of the Nato states by Turkey and supporting speeches were given yesterday by France, Norway and the U.S. Further speeches from Nato members are expected this week to clarify the proposals.

No immediate response came from the Warsaw Pact or from the neutral and non-aligned states attending the conference, but the East German delegation did stress the difficulty of discussing conference-building measures when Nato is busy deploying new intermediate-range missiles in Europe.

East Germany repeated the East bloc view that it would be more useful to agree on a general declaration renouncing the first use of force or of nuclear weapons.

Nato is wary of such declaratory proposals, however, and is keen to push for concrete measures that are politically binding and verifiable.

MR RUUD LUBBERS, the Dutch Prime Minister, has denied raising with U.S. President Ronald Reagan the possibility of reducing from 48 to 16 the number of cruise missiles the Netherlands is to deploy, Walter Ellis reports from Amsterdam. The two leaders met in Washington last week.

Mr Lubbers is determined to keep to the June deadline for deploying the missiles despite deep divisions in his own Christian Democrat Party over the issue.

Ortoli calls on member states to boost EMS

By Our Brussels Correspondent

THE EUROPEAN Commission is urging EEC governments to mark the fifth anniversary of the European monetary system in March by taking some modest steps towards its development.

M Francois-Xavier Ortoli, the Commission's vice-president for financial affairs, yesterday included consolidation of the EMS as part of a four-point programme for greater political and monetary co-operation in the Community.

The programme would tackle the EEC's essential needs for economic regeneration and convergence, said M Ortoli, in a speech to the Italian Socialist Party's conference in Rome.

For the EMS, he urged consideration of three courses of action: greater use of the European currency unit (Ecu) as e unit of settlement between central banks; the "full and complete" participation of sterling; and a strengthening of policy co-ordination between member states.

On this last point, M Ortoli called for a commitment from governments to renounce the use of certain economic management policies without the prior approval of the Community. He also wanted tougher Community monitoring of individual governments' macro-economic policies and a stronger requirement for policy adjustments to accompany currency changes.

The second of M Ortoli's four points envisaged a closer and more effective co-ordination of the EEC position in monetary dialogues with the U.S. He argued that this would improve the quality of the conversations now under way on international monetary problems.

He argued for further measures to develop the public and private use of the ECU and an ambitious programme for creating a genuine EEC financial market based on trading links between stock exchanges, harmonisation of legal frameworks and a gradual lifting of restrictions on the movement of capital.

Danish current account deficit drops sharply

By Hilary Barnes in Copenhagen

DENMARK'S current account deficit almost halved between 1982 and 1983 but is expected to increase again this year, according to the Economy Ministry. Prime Minister Poul Schlueter, however, has reaffirmed his minority Government's determination to eliminate the deficit in 3-4 years.

Persistent current account deficits, which have produced an accumulated net foreign debt of ebout DKr 170bn (£11.86n), or more than 33 per cent of GDP, were an important reason why the non-Socialist Government took drastic steps last year to curb inflation and public spending. The deficit was cut from DKr 18.7bn in 1982 to DKr 10.7bn last year, but tha Economy Ministry now expects it to climb to DKr 12bn in 1984.

The likely deterioration is put down to a more rapid recovery than expected, affecting private consumption and investment as well as housing investment. The ministry has revised its 1984 GDP growth forecast since November from 1.5 per cent to 2 per cent (in real terms).

The four-party coalition's first task in the new Parliament is to secure passage of the Finance Bill.

Algeria talks on Spain's gas import bill

BY TOM BURNS IN MADRID

SEÑOR Fernando Moran, Spain's Foreign Minister, flew to Algeria yesterday for talks on the complex issues of Spain's gas import bill. Sr Moran was also invited to discuss political instability in North Africa in advance of a visit he will make to Morocco on Thursday.

The recent violence in Morocco has deeply concerned the Spanish Government, not least because it could have consequences for the Spanish enclave towns of Ceuta and Melilla. The exposure given by the Spanish media to the riots in the Rif region, has led Rabat officials to complain that Spain was fanning the crisis.

The visits to Algiers and to Rabat were scheduled before the rioting and form part of frequent contacts over outstanding trade issues, chiefly fishing in the case of Morocco and natural gas in that of Algeria.

Officials in Madrid said there was a deadlock over the volume and pricing of Algeria'a natural gas imports to Spain. Spain's state-owned Natural Gas Corporation, Enagas, agreed on a long-term contract in 1975, with Algeria'e Sonatrach—which committed the Spaniards on a take-or-pay basis to importing 45bn BTUs a year.

The contracted volume is well in excess of Spain's energy requirements and Algeria is now seeking payment for $500m annually, backdated to 1981, to cover tha unused gas quota.

Sr Moran has said his talks would explore the possibility of a global and political solution to the impasse.

Moroccan irritation with Spain prompted a note from Madrid's Foreign Ministry stressing that Spanish consular officials in riot centres had remained diplomatically silent during the disturbances. The Foreign Ministry had received informal protests from Rabat over Spanish media allegations that casualties in the riots exceeded 200.

Spanish radio and television can be picked up in northern Morocco, Ceuta and Melilla, both claimed by Rabat, were the main channels of information on the violence.

David Marsh in Paris interviews the social conscience of the Right wing

France's 'Queen Mother' veils her allegiance

MME SIMONE VEIL has a Queen Mother image among French politicians. With a well-matured grand-motherly image and a generally benevolent disposition on welfare issues, Mme Veil represents the social conscience of the French Right.

The woman who is likely to lead the Opposition parties in June's European Parliament elections is consistently shown in opinion polls to be the most popular politician in the country after M Michel Rocard, the Socialist Agricullure Minister. His moderste views give him a similar appeal to floating voters.

Yet in private, Mme Veil, who was Health Minister for five years under President Valery Giscard d'Estaing and then president of the EEC parliament between 1979 and 1982, can be as sharp-tongued, determined and downright bossy as any palace matriarch.

An elegant woman, clad invariahly in blue haute couture, Mme Veil is a lone wolf who takes pride in being above the routine cut-and-thrust of party politics. She combines political steel with a mix of reasonable-minded, Centrist views which probably closely approximate to the opinions of the archetypal French man or woman.

A fierce anti-Communist, she is a hawk on East-West issues and believes Europe should give the Reagan Administration more support over issues like the invasion of Grenada.

Although supporting some of the Socialist Government's pragmatic economic measures, Mme Veil, 56, denounces "ideological" reforms "which simnly put people'a backs up." She firmly opposes cuts in the welfare state or a drastic curbing of the state's role in industry, however. The way of Mrs Margaret Thatcher in Britain is, she says, "too tough."

Personal history

Mme Veil's popularity is partly linked to her personal history and partly to the fact that she is a woman. She was deported to Auschwitz concentration camp during the war-time German occupation of France, and survived, but both her parents and her hrother died at the hands of the Nazis.

Far from harbouring feelings of rencour at the treatment of the Jews, Mme Veil now calle on Germany to come to terms with its history and give up its reluctance to assume new defence responsibilities, for instance, as part of a politically united Europe. But her wartime experience has left an indelible mark. Alone among leading Opposition politicians, she criticised the alliance between the traditional Right and the neo-Fascist National Front party in municipal elections uast eutumn.

Seated in her spacious Parisian living room, strewn with objets d'art and overlooking the supreme reminder of a politicians' natural limits—the Invalides, where Napoleon is buried—Mme Veil smiles: "Women are less dogmatic than men." Could she become France's Mrs Thatcher? It is not clear whether French voters would be prepared to trust even an undogmatic woman with the top office.

She quashes speculation anyway that she is considering running in the 1988 presidential election. With three Opposition front-runners — M Giscard d'Estaing, M Jacques Chirac and M Raymond Barre, there is no lack of candidates, she says.

Mme Veil has been a member since 1979 of the UDF party grouped around M Giscard d'Estaing, but feels unbound by particular political allegiance. She is a close friend of M Chirac, the leader of the neo-Gaullist RPR party, but is said not to get on with M Barre.

"I will indicate my preference (of the three) when the time is ripe," she affirms regally, "according to how they present themselves."

She describes herself as a "reformist" rather than e conservative, who could be tempted to joint a social democrst party if there was one in France. "I have no wish to take an active part in any of the parties which exist at the moment," she says.

Mme Veil's stuhborness (a quality which upset some civil servants during her period at the Health Ministry) and har disdain for the arcane party system on the French Right, have both been evident during the last few months of tussling over strategy for the European elections.

With an eye on the French parliamentary elections in 1986, the UDF originally wanted to present its own list, separate from the RPR, to revitalise its somewhat faded image.

Mme Veil however has held firm in her campaign, supported by M. Chirac, to lead a united list—and has managed to exasperate many in the UDF, including M. Giscard d'Estaing. Although the final decision has not yet been taken, it looks as though the UDF will reluctantly agree to her wishes.

Thorny question

Apart from showing that Europe is firmly on the side of the U.S., Mme Veil believes that Community leaders should show more desire for compromise over the thorny question of the EEC budget. "Everyone wants to win on everything," ahe says.

Pinning her down on what compromises France could make over agriculture is, however, difficult. She believes Britain would gain more financially from the Community if the overall "ridiculously small" budget were to be raised to allow more money for regional spending.

But she also sounds the standard French warning against expecting wide-ranging changes in farm policy. "In France, as in other EEC countries, but in contrast to Britain, we heve farmers — family businesses — which we have to support for sociological and political reasons."

Now that the Socialist Government's need to backtrack on its ambitious economic policies has shifted it markedly towards the political middle-ground, Mme Veil might he thought in danger of having her identity eclipsed

She concedes that the Government needs support in some of its economic policies — for instance, in the efforts of M Pierre Beregovoy, the Social Affairs Minister, to cut the rise in health costs throughout the social security system.

And she proposes "liberal" policies to cope with the social consequences of technological change—for instance, "more flexible" working periods in industry—which sound similar to those put forward by M Jacques Delors, the Finance Minister.

She also scotches any idea that the Right could bring about wholesale state disengagement from the economy. "When I hear the opposition say that it will reduce taxes and social charges, I don't believe that at all. If one manages to stabilise them, that will be a lot . . . in a hard and changing world, individuals need eutonomy—but they also need social protection."

Mme Veil: "Women are less dogmatic than men."

She rounds on the Government'a anti-inflation policy, however. Even though France has cut annual prices rises to 9 per cent from 14 per cent under the previous Government, the strategy, aha says, is "a complete failure" because other leading countries have cut their inflation rates even faster.

Mme Veil reserves her biggest anti-Socialist offensive for the Government's "incoherence" in mixing pragmatism with ideology. Government-induced reforms in education, the Press and hospitals are, she says, "simply to satisfy ideology . . . to make the Government's militant supporters forgive the austerity policy."

The result is she says that the Government loses credibility among people who would be ready to accept certain social changes but do not want to fight a class war. "I don't believe in the class war," says Mme Veil firmly, "It's marxist."

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Moscow may have sent new type of missile to Iraq

BY RICHARD JOHNS

TENSION in the Gulf and general expectations of o major escalation in the Iraq-Iran war threatening oil supplies seem bound to increase following the reported delivery to Iraq of Soviet SS-22 missiles.

Possession of the missile—code-named "Skateboard" by Neto—would greatly increase Iraq's ability to hit long-distance targets in Iran including its major oil terminal at Kharg Island and super-tankers calling there.

With a range of 700-800 kilometres, it could add weight to the threat posed by the five Super-Etendards supplied by France, capablo of carrying Exocet missiles, which should soon be operational, if they are not already so.

Western diplomats yesterday expressed somo doubts abont the accuracy of the news agency report from Baghdad which was, apparently, based on a single "diplomatic sighting" in Iraq. The SS-12 has not been supplied by the Soviet Union to any state not belonging to the Warsaw Pact. It is designed to be equipped with a nnclear war-head although it could be fitted with a conventional one. The SS-12 is carried on a trailer similar to the one used for the Skud B missilo already deployed by Iraq and used against targets inside Iran.

Nevertheless, the possibility of Iraq obtaining it cannot be ruled out and the report is symptomatic of a general belief that Iraq, in its desperation to bring the 40-month-long war to an end, will try to halt Iran's exports. Iran, in turn, has threatened to retaliete by closing the Straits of Hormuz at the month of the Gulf, to all oil traffic.

The five Super-Etendards delivered last autumn were expected to become operational some time in January. The assumption is that the Iraqis will soon have completed assembly and testing.

Meanwhile, a request by Iran to Italy for mines is said by western diplomats to have been turned down. But it has taken delivery of some fast launches from Belgium.

Mary Frings adds from Bahrain: Kuwait has set Fobruary 11 as tho trial date for 25 people implicated in last month's bomb attacks, in which at least five people were killed and 87 injured. Responsibility for the Kuwaiti bombings has heen claimed by the Islamic Jihad Party.

Syria concerned over rising tension with U.S.

BY ROGER MATTHEWS IN DAMASCUS

SYRIA expressed concern yesterday that tension with the U.S. had been rising in the last few days, following the improvement in relations brought about by the release of the captured U.S. pilot shot down over Lebanon.

Mr Farouk Al-Shara, the Syrian Minister of State for Foreign Affairs, said in an interview with the Financial Times: "We really do not know why this is happening because it does not come from our side. It is very legitimate to ask who is taking the decisions in the U.S."

Mr Al-Shara declined to censure President Hosni Mubarak of Egypt for his recent meeting with Mr Yassir Arafat, chairman of the Palestine Liberation Organisation. Although the Syrian Minister said that possible co-operation between King Hussein of Jordan and Mr Arafat on Middle East peace moves were "doomed to failure," he did not blamo President Mubarak for talking to Mr Arafat.

"It was Arafat who went to visit Mubarak. In such circumstances Mubarak could only gain. Anyone in his place would have done the same thing.

"The real person to blame is Arafat. All he is doing is trying to escape from his internal problems within tho Palestine Liberation Organisation. He knows very well that the path he is now trying to follow will not lead to any recognition of Palestinian rights."

Cuba 'likely to cut troop strength in Ethiopia'

ADDIS ABABA—Cuba, whose backing belped Ethiopia to win the Ogaden war against Somalia six years ago, is expected to slash its troop strength in Ethiopia from 10,500 men to less than 3,000 by June, according to Western diplomats in Addis Ababa.

They said that over the last week the Cubans were leaving because a new Somali attack was considered highly unlikely.

Reports about Cuban movements have appeared in the Western Press for months, but the Western diplomats said they now had definite information about the June deadline for the Cuban pull-out.

The Cuban contingent in Ethiopia is the second largest in Africa after that based in Angola.—Reuter

Kabul reshuffles military chiefs

ISLAMABAD — Kabul has reshuffled its military leadership, replacing the chief of staff and other defence officials, in an attempt to boost tho army's combat ability against Afghan rebels, Western diplomats said yesterday.

Lt-Gen Nazar Mohammad, the tough former head of the airforce, was made chief of staff on January 7, replacing the ageing Lt-Gen Baba Jan, the Diplomats said. They were quoting reports from their embassies in Kabul.

The former deputy bead of the Khad secret police, Maj Gen Ghulam Qader Miakhel, was named deputy chief of staff, and Maj-Gen Nabi Azimi, who recently returned from a training course in the Soviet Union, was appointed First Deputy Minister of Defence, the diplomats said.

The oppointments have not been annoutneed publicly, but were apparently connected with a speech by President Babrak Karmal to military officials on January 8. He criticised their performance against the guerrillas, they said.

Reuter

Peking capitalists raise profile in Hong Kong

BY ROBERT COTTRELL IN HONG KONG

THE CAPITALISTS from Peking are turning tho tables on their Hong Kong compatriots. In one deal concluded last weekend, China acquired effective control of its first publicly-owned Hong Kong company, the electronics manufacturer Conic Investment.

Simultaneously, Hong Kong's largest property deal of the past year was pulled off by no less than Wang Guangying, vice-chairman of the Chinese People's Political Consultative Conference (CPPCC). His company, Everbright Industrial, is to pay HK$1bn (£91m) for eight yet-to-be-built blocks of flats on Hong Kong Island.

With Britain and China currently negotiating Hong Kong's future, the deals inevitably carry political overtones. Analysts say the investments underline China's belief that it can maintain the territory's capitalist prosperity after 1997, when Britain's lease over most of Hong Kong expires and China plans to regain sovereignty over the territory.

More pertinently, bowever, the eveots of the past week have demonstrated the increasing sophistication of Peking's businessmen, and the closeness of the economic ties between Hong Kong and China.

It was now possible to resolve the Hong Kong issue in a manner acceptable to both China and Britain, Hu Yaobang, general-secretary of the Chinese Communist Party, said yesterday, AP-DJ reports from Peking. His remarks were quoted by the official Xinhua news agency on the even of the latest round of Sino-British talks.

China's vehicle for acquiring control of Conic Investments is Sin King Enterprises, a 50-50 joint venture between the Hong Kong branch of the Bank of China, and the Peking-owned trading group China Resources. Sin King is paying HK$178m for 35 per cent of Conic's equity, and is installing nine new directors, including o new managing director, Chow Tak Ming, who is currently head of China Resources's metals and minerals department.

Conic Investment, Hongkong's largest electronics firm, abowed net assets of HK$382m on its last published balance sheet, at the end of 1982. Its workforce of some 5,500 makes it one of Hongkong's largest employers.

Analysts say that the tie-up with Sin King is logical in view of Conic's existing close links with China. It has two manufacturing plants in China's "special economic zones" at Shenzhen near Hongkong, and at Xiamen, formerly Amoy. China is e major customer for Conic's products, mainly low-cost audio goods and television sets.

The Chinese partners will acquire an electronics company which, while not operating at advanced levels of technology by world standards, is a relatively efficient mass-producer of goods. Importantly, the deal helps China assure the development of the Conic plants within China itself.

Wang, the brother-in-law of former Chinese head of state Liu Shaoqui, says his financial backing does not come from the Peking Government, but declines to give any more details. He acknowledges that "tasks have been assigned to me by the central authorities" of China, and says he wants to buy technology to assist China'a modernisation. Everbright's opening party in August 1983 featured a floral tribute from Chinese premier Zhao Zhiyang.

It is not clear how the purchase of eight apartment blocks in Hongkong might assist China's modernisation. Analysts believe Exerbright is buying speculatively, to resell the apartments once they have been built. Wang declines to comment. Analysts also say that, while the deal carries a "billion-dollar" prices tag, the money will change hands only gradually.

They say the agreement signed on Monday between Everbright and the vendor, International City Holdings, calls for just HK$50m cash down: HK$10m per month for 20 months: and the balance of HK$750m to be met by a bank loan. Analysts expect the bank lenders to include Bank of China. The Hongkong and Shanghai Banking Corporation is also thought to have been involved in the financing discussions with Everbright.

Will Wang turn a profit? Mr Chris Palmer, resident partner of property consultants Richard Ellis, says the price is "about right" in current market conditions, and that the flats should appreciate when a new line of Hong Kong's nnderground railway system opens nearby in 1985-86.

Sin King's investment also carries with it a degree of financial risk. Conic is a sprawling, diversified group which analysts say needs closer-knit management and tighter financial controls if it is to improve its meagre profit margins.

Zhao Ziyang

During the past months of Sino-British deliberations on the future of Hong Kong, much note has been taken of Hong Kong's role io China'a foreign excbange earnings.

It remains to be seen whether Sin King and Everbright are barbiogers of more adventurous investment policies wblch would see China making more public use of its financial muscle.

Pretoria overspending sparks tax increase

BY J. D. F. JONES IN JOHANNESBURG

MR OWEN HORWOOD, the South African finance minister, has been forced to raise the country's General Sales Tax from 6 to 7 per cent from next month in response to serious overspending by government departments.

There was widespread critical reaction bere yesterday, on the grounds that the increase would rev—e the declining tre'/l in inflation, that it would mainly affect the poorer sectors of the population (that is, the blacks), and that it had been introduced while parliament was not sitting.

South Africa'a inflation rate over 1983 was 11 per cent, it was officially announced last week. Tho Government, which is particularly worried that inflation has persisted at a level so much higher than that of the country's principal trading partners, has determined to bring the rate into single figures very soon and has talked of a target of 7-8 per cent for this year. This increase in General Sales Tax (GST) seems certain to frustrate these hopes and to add about 0.7 per cent to the rate.

Mr Horwood had been expected to announce substantial tax increases in his Marcb bu'get and most observers believe that even after this latest increase the excbequer situation remains so difficult that be may still have to do so.

In last year's bndget he allowed for a 10 per cent increase in government spend'ng, whicb was looking over optimistic even before tho impact of major drought relief measures and defence overspending (leaving asido the recent five-week invasion of Angola).

One per cent on GST is calculated to bring in about Rand 700m (£398m) in revenue over a full year; the deficit before borrowing during this financial year was recently estimated at over R3bn

Australia plans higher levies on oil output

By Michael Thompson-Noel in Sydney

OIL companies operating in Australia can expect to pay higber levies on production under the government's proposed resources rent tax, Senator Peter Walsh, Minister for Resources and Energy, said in Canberra yestorday.

The new tax is likely to apply from July 1, and subsidies may be allowed to cover exploration costs.

Mr John Kirk, chairman and managing director of Esso, Australia, said the tax would be a "massive roadblock" that would cause a fall in exploration activity.

The Australian Petroleum Exploration Association claimed that the new plan failed to reflect an understanding of the way risk-weighted investment decisions were made.

Marcos frees 84 prisoners

PHILIPPINES President Ferdinand Marcos yesterday ordered the release of 84 political detainees and granted clemency to 13 others, writes Emilia Tagaza in Manila.

Mr Marcos, wbo usually frees prisoners on Christmas Day and on his birthday, announced the move following a call from opposition parties to free all detainees

Controversy rages over Kohl visit

BY DAVID LENNON IN TEL AVIV

CHANCELLOR Helmut Kohl of West Germany ran into controversy at his first stop in Israel, when his policy on arms sales to Saudi Arabia and the status of the Waffen SS veterans' organisation were denounced by the director of the museum built in memory of the Jews killed by the Nazis.

He arrived yesterday for a five-day state visit, which he said was aimed at strengthening ties between the two countries.

A similar hope was expressed in the welcoming remarks of Mr Yitzhak Shamir, the Prime Minister.

But the pending sale of West German beavy arms and missiles to Saudi Arabla has already cast a shadow over this second visit by a serving Chancellor to Israel.

Yad Vashem, the holocaust museum, was Herr Kohl'e first stop, and he paid tribute to the Jewish victims. There was a demonstration outside by Israelis, some dressed in striped concentration-camp clothes.

Mr Yitzhak Arad, director of the museum said it was unthinkable that West Germany could sell weapons to the Arabs.

Reagan in bid to avert Republican attacks on deficit

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan made a rare trip to Capitol Hill yesterday for a meeting with leading Senate Republicans to try to head off growing criticism of the Administration's 1985 budget strategy.

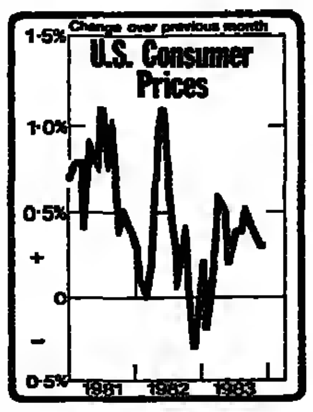
Full details of the budget are due to be released next week. Administration officials have confirmed already that the President will propose no major tax increases or spending cuts to try to reduce budget deficits in 1985 and beyond.

According to the latest, economic forecasts the 1985 budget message to Congress will project a deficit of some $180bn, with total spending of some $925m.

The deficit in tha 1983 fiscal year was $195bn and for the current yeer is projected at $184bn, although many private economists are suggesting the actual figure could be as low as $170bn.

The Administration will forecast substantial declines in the deficit for 1988 and 1989. But these projections may well be widely discounted because of the *persistent inaccuracy* of such long term budget projections. Administration officials, including Mr Martin Feldstein, the chairman of the Council of Economic Advisers, have expressed their own doubts about them in public.

The President is coming under attack from both moderate and right-wing Republicans in Congress because of his budget strategy. *Moderate Republicans* continue to press for some symbolic deficit reducing package and right-wingers are angry at the Administration's failure to propose more than $4bn of cuts in government spending.



However, Mr Reagan went to Capitol Hill armed with more favourahle economic news. The consumer price index, the most widely watched inflation measure, rose only 0.3 per cent in December for e total of 3.8 per cent for the year, the lowest rate since 1972 when prices rose by 3.4 per cent.

For the last three months of 1983 consumer prices rose at a compound annual rate of 4 per cent seasonally adjusted. One of the major influences behind the low inflation rate for last year was a decline of 0.5 per cent in energy prices, including a 9.4 per cent decline in fnel oil, coal and bottled gas prices.

While many economists are projecting a moderate rise in the pace of inflation this year, President Reagan, assuming be seeks re-election will be able to claim credit for a *remarkable* reduction in inflation which hit 12.4 per cent in 1980, 8.9 per cent in 1981 and 3.9 per cent in 1982.

Norwegian company in U.S. deal

By Our Oslo Correspondent

SECURUS INDUSTRIER of Norway, has acquired Thermacon Industries, Philadelphia, from the U.S. steel firm Pittshurg-Desmoines.

Thermacon specialises in insulation of large storage tanks for hold or cold liquids, and has for several years been co-operating closely with Securus, which is involved in the insulation business, both in Norway and abroad. Co-operation between them bas included exchanges of licensed rights.

A subsidiary of Securus Industrier, Securus Chemicals, recently raised NKr 50m through a private placing of 250,000 shares. Many were bought by UK institutional investors.

Asbestos producer wins key court case

By Paul Taylor in New York

MANVILLE, the world's biggest producer of asbestos products which filed for protection under Chapter 11 of the U.S. bankruptcy code in August 1982, bas won a crucial legal battle in its bid to reorganise its business and resolve thousands of asbetos related lawsuits against it.

A federal bankruptcy court judge has dismissed four challenges to the company's Chapter 11 petition and agreed to appoint someone to represent tha many asbestos claimants that the company expects. It was these future claims that prompted Manville's application for protection under the bankruptcy code.

Tha decision appears to clear the way for Manville to continue operating under tha coda until a plan of reorganisation is approved by the courts. A committee representing existing plaintiffs suffering from asbestos related diseases had sought for 17 months to challenge the original Manville filing, claiming that the company bad acted "in bad faith" by filing for protection under the bankruptcy code.

Concern grows over air safety

A NUMBER of U.S. aviation experts are voicing concern that safety may be given a lower priority at some airlines because the Government is not watching closely enough, even though U.S. commercial air travel has just completed one of its safest years.

The Federal Aviation Administration *moved* quickly in recent weeks to force the shutdown of two rapidly growing regional airlines — Air Illinois and Air Vermont — after discovering shoddy maintenance procedures.

Amid growing economic pressures on established airlines and scores of new low-cost operators flying the skies, some aviation experts question whether the FAA's new aggressiveness is enough.

The concern comes as the U.S. Administration is cutting the number of inspectors it has to monitor the air carriers for the third year running, although the number of airlines to be covered has nearly doubled since 1978.

Terry Dodsworth reports on the fragility of a key business sector

Crunch coming for U.S. insurance

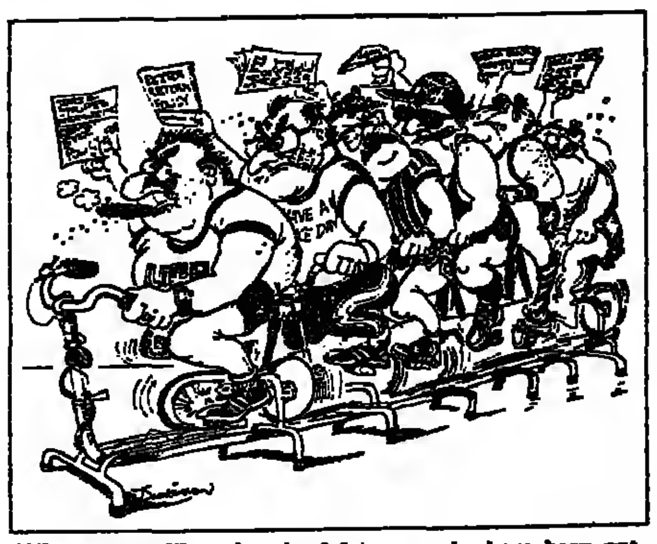
FEW GATHERINGS of the commanding officers of U.S. *industry can have projected* such an air of gloom as the recent annual convention of the country's insurance companies in New York. Despite the gilded splendour of the Plaza Hotel ballroom the anxiety of the meeting was palpable, and was openly stated by several senior executives. Either the industry cbanges its policies radically, or there could be some nasty failures just around the corner, they said.

The underlying problems have been clear for some time, and are reflected in the sector's lowly rating among investors. Even so, the industry's increasing fragility bas to some extent been obscured by the unusual investment environment over the last few years. Because U.S. interest rates have been so high, insurance companies bave been able to generate more than sufficient investment profits to make np any losses they incurred on underwriting.

It is often the case that periods which offer generous returns on financial assets force down underwriting profits — companies are attracted into the industry initially by access to cheap funds in the form of premiums. However this provokes competition for the funds which leads to price cutting. As a result, underwriters end up paying out more in claims and in running their business than they are taking in in premiums. Normally the income from investing the funds would take up the slack, but this is becoming increasingly difficult to manage.

Tbe trend has been greatly exacerbated in the present cycle by two other factors. In the first place, the recession bas bitten particularly deeply into the heart of the industry's commercial business. Companies have closed down, factories been eliminated, and every overbead it is possihle to trim—with insurance high on the list—has gone. It is hard to get a clear picture of the volume decline in premiums, but it has been considerable.

Secondly, the industry has finally abandoned the comfortable old cartel habits that have dominated its practice since the last war. These arrangements came into being in 1941, when the courts beld that insurance could be subject to regulation and individual states began to set up local committees to establish financial standards



"We are now like a bunch of fat guys who have been put on an exercise machine."

and prices. Since companies had to submit prices for approval, they naturally followed the regulators' recommendations, leading to a rates structure in which there was very little price differentiation.

The breakdown of this systcm has been gathering pace for a decade, but the coup de grace was dellvered by e *combination* of the competitive pressures Induced by the recession and the anti-regulatory climate ushered in by the Reagan Administration.

Far from taking their cue from the regulators, who would bave virtually dropped the system of prior approval, insurance companies are now blindly ignoring recommended price levels in the scramble for market share. Last year, for example, some companies were undercutting price guidelines proposed by the Insurance Services Office, the nationwide rate advisory body for the property/casualty industry by as much as 40 per cent.

The executives on the platform at the Plaza conference, organised by the ISO and the Insurance Information Institute, could remember the industry's regulated ara well enough to mourn it: "We are now like a bunch of fat guys who have been put on an exercise machine," said Mr Maurice Greenberg, president of American International.

"We are all huffing and puffing now because we are trying to run in a different race. I think if you took a vote in the industry today you would probably find that it would like to get back to somewhat of the old position where it had some protection."

But executives equally recognise that these days are gone for good. As Mr Greenberg added: "Wherever a tariff existed and was then eliminated, you went from a profit to an almost immediete loss. That experience is global. Any tariff market keeps discipline and it takes a certain emount of maturity to get used to operating in a totally free environment . . . we are in the midst of that storm here."

Mr Greenberg's thesis is already beginning to ring ominously true. Among recent indications of the industry's weakness are:

● The shock announcement by American Express that its Fireman's Fund insurance subsidiary was being forced to add *$230m to its depleted* loss reserves — the money set aside for meeting future claims. This charge has forced American Express into its first earnings decline for 36 years, hut it was the nature, as mnch as tha size of the provision which has sent a sbudder through the collective ranks of the industry.

It focuses attention on the adequacy of reserves in every company; analysts have long been pointing to the dangers of chasing turnover by cutting prices while boosting profits by making Insufficient additions to reserves in relation to premium growth.

● The revelation hy Mr Daniel McNamara, president of the ISO, that according to the hureau's own studies, the industry's loss reserves were inadequate by more than 10 per cent in aggregata at the end of 1982, and on some lines were deficient by more than 20 per cent. Speaking at the conference, Mr McNamara added that there had been no strengthening of loss reserves in 1983, with the annual rate of increase slipping to 8 per cent, its lowest in 20 years.

● Mr McNamara also argued that in three main lines of business accounting for 40 per cent of total commercial premium volume, the industry will be operating at a significant overall loss this year. Even after allowing for investment Income, these three lines — general liability, commercial motor and commercialm ulti-peril—will be losing the industry between three and six cents for every dollar of premium written in tha year.

● Preliminary estimates made by A. M. Beet, the independent research organisation which specialises in the U.S. insurance industry, indicate that in 1983 statutory underwriting losses(premiums earned less claims and expenses) amounted to $12.2bn, an 18.4 per cent increase on 1982. This figure corresponds to almost 111 per cent of written premiums—the highest underwriting deficit since the year of the San Francisco earthquake and fire.

● In addition, for the 1982-83 period, the industry showed an underwriting loss estimated at $22.5bn, more than the total underwriting loss for the period from 1958 to 1981.

● Finally, the pressure on the industry's resources is increasing. One example is the growth of potential liabilities from occupational disease suits, an issue which has surfaced dramatically in the legal tussle over asbestosis.

The financial deterioration evident in these statistics varies enormously from company to company. But it points to one conclusion. Some companies are likely to crack up if they continue to write business on the present basis.

A shift to a bealthier rate structure therefore seems to demand some rationalisation, and it may only be a matter of months before some of the dead wood comes crashing down. In the words of Mr Gary Countryman, president of Liberty Mutual Insurance: "Some of these decaying companies are already dead—they just don't know it."

Kinnock plea on Central America

By Robert Graham

THE REAGAN Administration was yesterday urged by Mr Neil Kinnock, the British Labour leader, to "modify" its policy towards Central America and to establish a dialogue in the troubled region.

He made the plea at the launch of a report on Central America produced by Mr Stuart Holland, shadow Minister for Overseas Development and Co-operation, and Mr Donald Anderson, shadow Foreign Minister.

It is sharply critical of the views and proposals of the Kissinger Commission, released two weeks ago.

The main conflicts in Central America are not between East and West as claimed by President Reagan, but North and South, the authors maintain.

Mr Holland said yesterday that after spending time in tha region he was convinced that the "U.S. administration will subordinate any issue to its counter-insurgency strategy."

The Left-wing Sandinista regime in Nicaragua does not present a military threat to the U.S. but is seen as one because it challenges America with "a new and autonomous model of social and economic development," the report says.

The situation in El Salvador "is so serious that the Americans may well have to intervene directly with ground troops after the forthcoming elections on March 25."

Kissinger's Kingdom? A counter - report on Central America; Stuart Holland, MP, and Donald Anderson, MP; Spokesman, £2.25.

Venezuela state oil chief to go

By Kim Fuad in Caracas

SR HUMBERTO CALDERON BERTI, the president of Venezuela's state oil monopoly Petróleos de Venezuela, is to be replaced by a top level state oil industry executive. The move will take place shortly after President elect Dr Jaime Lusinchi takes office, according to Dr Arturo Hernandez Grisanti, the designated Energy Minister.

Dr Hernandez did not identify the new head of the oil monopoly, however observers say candidates include the heads of the industry's four operating affiliates.

The computer revolution. Even for the wealthy and privileged, there's no escape.

In the cloistered halls of Britain's most renowned and exclusive seats of learning, a new sound has recently been heard.

The bleep of the microcomputer.

With the upsurge of information technology, computer studies are now on the curriculum at time-honoured public schools, as well as at state schools throughout the country.

And it's encouraging that a certain computer is not only preparing pupils at Eton, Winchester and Wellington for the future. It is giving the same head start to state school pupils from Brixton to Glasgow.

It's the BBC Microcomputer, which now accounts for more than 80% of the computers being ordered under the Department of Industry's current Micros in Schools Scheme.

With a specially developed system called Econet, the BBC Micro can form a completely linked computer network within a classroom or even throughout a school.

It uses a computer language called BBC BASIC, which children from primary school upwards are rapidly getting a grasp of.

And as the users' fluency grows, the BBC Micro can help them to acquire the gift of tongues. Because it readily adapts to other computer languages.

It's also designed to expand at the same rate as its users' skills.

Disc drives, word processors and printers are among the many accessories which can take its powers way beyond those of home computers, into the realms of business, science and industry.

Not surprisingly, a growing number of adults are realising that the BBC Micro is the perfect machine for giving themselves a private education in computing.

Of course, it isn't by any means the cheapest microcomputer in the high streets today. The price is £399.

But as public schools readily agree, its capabilities couldn't be more comprehensive.

For local stockists, ring 01-200 0200. The BBC Microcomputer System is designed, produced and distributed by Acorn Computers Ltd.

WORLD TRADE NEWS

Suzuki aims to boost car sales in W. Europe

By Kenneth Gooding, Motor Industry Correspondent

SUZUKI, THE Japanese group, aims to boost its car sales in Western Europe to compensate for the restrictions it faces in the U.S.

Suzuki hoped to ship at least 70,000 of its new small car, called the Cultis in Japan, to General Motors during 1984-85 for sale through the U.S. group's Chevrolet network.

But its allocation, following the renewal of import restrictions agreed between the Japanese and U.S. Governments, is only 17,000. The total is so small that GM says it is a possibility that it will not take any.

So Suzuki now plans to increase substantially exports to Western Europe. Originally, it intended to ship 1,600 a month but has increased the planned total to 3,000 a month.

That would more than double Suzuki's registrations in Europe which have been about 20,000 a year.

Suzuki'a best European markets up to now have been the Netherlands, West Germany and Belgium. It has recently begun to investigate whether it could expand sales in Scandinavia—it already does reasonably well in Finland and Iceland.

GM encouraged Suzuki to produce the new car, called the SA310 in Europe, and which is the same size as the U.S. group's European Opel Corsa/Vauxhall Nova model, by investing Y8.6bn (£25m) in the Japanese group in exchange for 5.3 per cent of the equity.

Subsequently, Suzuki spent Y40bn on a new assembly plant exclusively for the SA310.

A further Y6.5bn went on the development of an entirely new lightweight three-cylinder, four-stroke engine and Y4.5bn was spent on the hatchback body development.

The new car brings Suzuki much more into the mainstream of the industry because up to now it has produced very small, "micro" cars, commercial vehicles and four-wheel-drive models.

The company intends to broaden the appeal of the SA310 further by the introduction of a 1300cc model by next summer.

Capacity of the new Kosai plant is 10,000 a month and Suzuki hopes to sell 3,000 a month in Japan.

Michael Donne, Aerospace Correspondent, reports on American *dissatisfaction* with Bermuda Two

Pressure grows to scrap Anglo-U.S. air agreement

MOST U.S. airlines flying the North Atlantic to the UK and Western Europe believe that the U.S. Government, through the Civil Aeronautics Board, will seek a renegotiation of the Anglo-U.S. Bermuda Two air agreement some time later this year.

The pact, signed in 1976, covers all civil aviation activities between the two countries, including routes, fares and frequencies of service. Since its inception, it has been a source of irritation to the U.S. operators, who believe they were out-negotiated, and has led to a long run of criticisms by U.S. airline presidents.

So far, the CAB is not publicly admitting that a denunciation and renegotiation of Bermuda Two is likely this year, but privately senior officials of the Board, and most U.S. airline chairmen and chief executives, believe it is inevitable.

The UK Government's view is that while Bermuda Two is fair, the U.S., under the terms of the pact, can seek renegotiation at any time, as can the UK.

But there is no guarantee that any such renegotiation would result in any better agreement for the U.S. than the existing one, with the UK giving no quarter in what would be very tough negotiations.

Regular discussions take place on the operation of the existing agreement. The next round of talks is due in Washington next month, when the seating capacities offered by U.S. and UK airlines on the North Atlantic this coming summer will be discussed.

The U.S. operators have already indicated they will seek more capacity to enable them to cope with an anticipated repetition of last year's big rise in U.S. air travel to the UK and Europe stimulated by the strength of the dollar.

The view among U.S. airlines is that if they do not get what they want out of those discussions, the pressure for a denunciation and re-negotiation of Bermuda Two will be so strong that the Civil Aeronautics Board will have no alternative but to agree.

Under terms of the pact, one year's notice of termination must be given, during which time negotiations for a new agreement must take place. In the interim, the existing pact continues in force.

In any such re-negotiation, the U.S. would be bound to press for what, in its view, was a better pact than Bermuda Two, giving, in its own words, more "balanced benefits" to U.S. airlines.

Precisely what such balanced benefits might be is currently baffling UK planners, who do not accept that such an imbalance exists. It is argued that the U.S. already outranks the UK in the number of scheduled airlines flying the North Atlantic.

Mr Dan McKinnon

The U.S. has nine Air Florida, American, Arrow, Delta, Northwest Orient, Pan American, People Express, Trans World, and World Airways. Additionally, there are many U.S. charter operators.

The UK has two scheduled operators, British Airways and British Caledonian. British Midland has been licensed by the UK to fly to New York from Manchester via Glasgow Abbotsinch, but will not start until April, 1985.

This is because of a moratorium agreed between the U.S. Civil Aeronautics Board and the UK Department of Transport, limiting the introduction of new air services until that time.

Another UK airline, British Atlantic, had its original plan for a businessmen's service between Gatwick and New York rejected by the UK Civil Aviation Authority, but this is now to be re-heard on the direct instructions of Mr Nicholas Ridley, Secretary for Transport. If approved, British Atlantic would also not be able to start its services until 1985.

One recent cause of abrasion has been the UK's insistence on Pan American withdrawing its evening service between London and New York, introduced this winter, because of the excessive capacity it was alleged to introduce into the market.

There have been many other instances of strong differences of view between the two countries on the operation of the past. U.S. airlines have often sought "fifth freedom" rights — that is, rights to carry traffic onwards from the UK into Europe.

These have mostly been denied, largely because such flights would hit British Airways' and other UK airlines operations, but also because of the intransigence of European operators and their governments to such ventures.

There are other examples of difficulties — for example, over fares policies (the recent Pan American criticism of "unfair" competition from BA's Concorde North Atlantic fares is one example), over frequencies of service and new routes, and even other issues such as the number of check-in desks allowed to U.S. airlines at Heathrow's Terminal Three.

Rightly or wrongly (and the UK can counter all the U.S. arguments), all these issues have been building up in the U.S. airlines' thoughts, until there is now a collective body of opinion that believes Bermuda Two to be close to disaster.

This is what Mr Dan McKinnon, chairman of the U.S. Civil Aeronautics Board, meant when he told the Financial Times Aerospace Conference in Singapore last week that the U.S. wanted a fairer balance of benefits in all future bilateral air negotiations.

His speech said this policy would be rigidly enforced. "As we hold additional bilateral negotiations, we will be doing so with a strong interest to ensure there are true benefits for the U.S. — not just paper benefits — but actual economic rights given in return for the rights we grant.

"This new attitude in the U.S. Government does not reflect just the view of the chairman of the CAB, but a majority of the CAB, the Department of State, the Department of Transportation, and, recently, a great deal of sentiment in the U.S. Congress."

Mr McKinnon made it clear he was directing his remarks at all foreign countries. His comments applied just as much to Japan (which has a history of difficult air negotiations with the U.S.) as to the UK.

But in view of the past difficulties with Bermuda Two, his comments cannot be taken lightly in the UK. Stressing that competition forces efficiency, he claimed that "government-protected monopolies restrict productivity, and thus create inefficiency."

Mr McKinnon said that any actions by other countries that created further imbalances in traffic "would cause the U.S. to re-evaluate the merits of continuing existing agreements."

The fact that the functions of the CAB are being transferred to the U.S. Department of Transportation from the end of this year does not alter the situation. The DoT will absorb most of the CAB officials along with its remaining functions, and will conduct all future bilateral aviation discussions.

W. German crude oil imports fall sharply

By John Davies in Frankfurt

WEST GERMANY'S crude oil imports have fallen sharply for the fourth year in succession, although imports of refined oil products have risen.

About 65.2m tonnes of crude oil was imported last year, down nearly 10 per cent on 1982 and down almost 40 per cent on 1979. It was the lowest volume of crude oil imported since 1965, with prices also lower. West Germany's crude oil import bill dropped 15 per cent last year to DM 37.8bn (£9.6bn).

According to preliminary government figures, oil product imports rose about 12 per cent last year, which would mean a volume of about 40.5m tonnes. Oil product imports have been rising steadily for three years, although they are still below the 1978 peak.

West Germany has slashed its crude oil imports partly because of drastic energy savings and recession. But in addition competition in the oil market has produced price advantages in importing oil products rather than crude oil to be refined within West Germany.

Crude oil made up little more than 60 per cent of West Germany's total oil imports last year, compared with 63 per cent in 1982.

The UK was the main source of its crude oil last year, supplying 14.3m tonnes, followed by Libya (10.4m), Nigeria (7.5m), and Saudi Arabia (7m).

The Saudis were the main supplier in 1982, but their deliveries last year were slashed to less than half.

About 28 per cent of West Germany's crude oil supplies came from UK, Norwegian and Danish wells in the North Sea.

● A West German report warns that realistic natural gas prices by the major supplier nations are required if the "positive trend in the international gas trade" is to continue, writes Anthony McDermott in Geneva.

A submission to the Economic Commission for Europe said that gas prices must take account of the interests of exporting countries and also of the situation of the heating market of the importing countries.

A slowdown in the growth of energy consumption up to 1990 could mean that the share of natural gas in primary energy consumption could reach just 18 per cent compared with 15 per cent in 1982.

GM top maker of diesel engines

BY IAN RODGER

GENERAL MOTORS of the U.S. has become the world's largest manufacturer of diesel engines, displacing Daimler-Benz of West Germany and Perkins Engines of Britain, the two previous leaders.

These changes, reported in the latest World Engine Study by London consultants Planning Research and Systems, reflect the increased use of diesel engines in cars and the stagnation of most other diesel markets.

The study says that total world engine production fell 3.4 per cent in 1982 to just under 71m units. This was the third year in a row of declines from the 1979 peak of 80.6m units.

Although output of both diesel and petrol engines fell, the proportion of diesels in the total continued to rise slowly, from 13.2 per cent in 1981 to 13.4 per cent in 1982.

The study says that engine output is already recovering slowly and this is likely to continue, reaching 92m units by 1987, of which 15.8m would be diesels.

Japan remains the largest national producer of engines, accounting for a third of world output. Japan displaced the U.S. as the leading engine production area in 1980.

The only area of significant growth in engine production in 1982 was the Far East, where output was up 6.6 per cent to 1.9m units. Major growth occurred in South Korea following a restructuring of the industry in 1980 and in Thailand where several Japanese manufacturers have been building up production.

The sharpest falls in engine production in 1982 were in Central and South America where total output was down 7.0 per cent to 1.9m units. Diesel output in this area plunged 23 per cent to 268,000 units mainly because of the drop in production of agricultural tractors in Argentina and Brazil.

GM's emergence as the leading diesel engine producer position was achieved in spite of recent setbacks to diesel acceptance in cars in the U.S. and a resulting small decline in 1982 in diesel penetration in that market.

GM had problems with its initial venture into diesel-powered cars in the U.S. in 1978. As a result, diesels acquired a bad reputation among U.S. car buyers and manufacturers trimmed back their diesel expansion plans.

* *World Engine Study, 1983, Planning Research and Systems, 24 Old Bond Street, London W1X,3DA. Tel: 01-629 6461.*

Rees criticises export subsidies

BY OUR TRADE EDITOR

THE CROWTH of export subsidies by means of national aid programmes was criticised by Mr Peter Rees, UK Treasury Secretary, yesterday. He called for "a major international effort to curtail these self-defeating subsidies."

Aid to poorer countries was no substitute for access to rich markets, he said, and the indebted nations would fall back on protectionist measures to conserve their foreign exchange.

But the time had also come for newly industrialising countries with growing economic power to realise their "international responsibilities" and to liberalise their own markets.

Mr Rees said that failure to curb the use of mixed credits to promote exports had led to the "spoiling" of some markets. In some countries it was no longer possible to do business on commercial terms.

Even the U.S., which had refrained from using mixed credits in the past, was now considering offering them.

He noted that international competition in fixed-rate credit financing had eased following last autumn's OECD agreement on interest rate subsidies.

But the British Government was still worried by the public spending implications of rate subsidies, which cost the UK about £500m last year—less than in some other countries.

Speaking to a London business seminar, Mr Rees said there was mounting concern in Europe about the regularity with which the U.S. Administration was legislating to protect domestic industry.

The EEC had retaliated against the U.S. quotas on special steels "to show that we mean business." But the EEC did not want to get into a "destructive and cumulative quota war."

Mr Rees, however, justified continued protection of the British textile industry as a case where the speed of adjustment to foreign competition was "simply too great" for some older industries.

He welcomed the Japanese proposal of a new negotiating round in the General Agreement on Tariffs and Trade. But he added:

"We shall have to learn from our experiences in November, 1982, at Geneva if we are able to achieve a positive advance at the next meeting."

UK NEWS

Energy Department plans to overhaul onshore oil licences

BY DOMINIC LAWSON

THE DEPARTMENT of Energy has made proposals to the oil industry which will change the nature of the search for oil on the UK mainland.

The department plans a radical overhaul of the licensing procedure. The industry has until Friday to make its views known before the proposals are submitted for inter-departmental approval.

The main proposals are:

● The UK will be divided on a grid basis, based on the Ordnance Survey map. Licensees will have a maximum size of 100 sq km. Previously, companies could obtain licences for up to 500 sq km.

● Companies will have a fixed period in which they can apply for licences, as is the case with the North Sea. Until now, a company could approach the Department of Energy at any time.

● There will be three forms of onshore license: for exploration, valid for six years; for appraisal, renewable after five years; and for development.

Previously there have been two licences, an exploration licence valid for three years, and a production license, for four years.

The new exploration licence differs from the old in that it will permit companies to drill for oil, rather than merely undertake seismic and geological work.

Companies engaged in UK onshore oil exploration, particularly in the south of England, have complained of the difficulty in obtaining planning permission. This was one of the reasons for the delays involved in the sale by British Gas of its 50 per cent share in the Wytch Farm oilfield in Dorset.

Under the new procedures, companies will have to obtain planning permission before the Department of Energy will consider granting a development licence. One oil company said yesterday, that this "would give even more power to the environmentalists."

Some companies involved in onshore exploration objected to the lack of time which they had been given to make their observations to the department.

There has been a resurgence of interest in UK onshore oil exploration after Trafalgar House's £78m bid for Candecca earlier this month. Since then, shares in other UK onshore oil companies have risen consistently.

Tebbit breaks down demarcation lines

BY JOHN LLOYD, INDUSTRIAL EDITOR

FAR-REACHING reorganisation of the Trade and Industry Department (DTI) into a tightly-managed export-oriented ministry would rival the Treasury in its influence over the economy under plans published yesterday.

Publication of the aims by Mr Norman Tebbit, Trade and Industry Secretary, marks the completion of a process of welding together the formerly separate trade and industry departments, which were merged after the general election in June last year.

The major structural reform will be to break down the demarcation lines between industry and trade sectors by making the sponsoring divisions – such as those covering textiles, motor vehicles or telecommunications – responsible for the export and regulatory sides of their activities as well as domestic industries.

This will mean that the trade functions of the new department will be put at the service of industry divisions, which will be encouraged to be export oriented. They will have the further task of ensuring that awareness of new technologies is diffused throughout their sector, especially sectors such as textiles and engineering which suffer from outdated equipment.

Mr Tebbit views the DTI as "the other main economic department beside the Treasury," with the ability to assist domestic industry in becoming more efficient at home, and in winning export orders by joint industry-ministerial delegations to selected markets.

Tebbit's reform, Page 11

Buyer for Clyde yard 'best hope' for jobs

THE BEST hope of saving some of the 4,000 jobs at risk at the Scott Lithgow shipyard on the lower Clyde lay with reaching agreement with private sector interests to take over the yard and complete an £88m Britoil rig contract, Mr George Younger, Scottish Secretary, said yesterday in the House of Commons.

Britoil's cancellation of the rig, which was two years behind schedule, has brought 800 immediate redundancies to the yard. A further 2,200 jobs may be lost in March.

Mr Younger dismissed claims from MPs that the financial consequences of cancelling the contract were greater than the cost of Government intervention to save the project.

The Government secured a majority of 108 to defeat a Labour motion calling on ministers to take immediate steps to secure the future of the yard and ensure the completion of the Britoil contract.

● THE BANK of England is to offer three new tranches of Government stock worth £500m. The stock, *to be sold as part of the Government's* funding operation, comprises £250m of 9½ per cent Treasury 1988, £150m of 9 per cent Treasury loan 1992/1996 and £100m of 9½ per cent Treasury loan 1999.

● PAY settlements have moved down to a range of 2.5 to 8.5 per cent compared with 3.5 to 10.5 per cent this time last year, the Confederation of British Industry says.

● FREIGHT ROVER, BL's van manufacturing business achieved record sales of £75m last year. Sales of 14,209 vehicles were 48 per cent ahead.

● BRITISH CALEDONIAN, the independent UK airline, is planning to start the first direct air service between London (Gatwick) and Riyadh, Saudi Arabia, this summer subject to approval of both governments.

● ENTERPRISE OIL, the North Sea oil arm of British Gas which is soon to be floated on the stock market, has appointed Dr Myles Bowen, head of exploration at Billiton, the Shell minerals subsidiary, to direct its development programme.

ENERGY REVIEW

Behind the Danish gas controversy

By Hilary Barnes in Copenhagen

DENMARK'S STRUGGLE to free itself from almost total energy dependence upon oil has, in the last decade, run into frequent political potholes.

The latest and deepest is the row over the country's ambitious plan to develop its natural gas resources—a dispute which in November led the Government to sack the entire board of Dansk Olie Og Naturgas (Dong), the state oil and gas company.

Then this month, a report by an independent firm of accountants, C. Jespersen, added to the heat by accusing those responsible for the Kr 14bn (£978m) gas project of gross mismanagement and bureaucratic inertia.

Nevertheless, progress has been made. Oil production in the Danish sector of the North Sea reached about 2m tonnes in 1983 and accounted for about a fifth of total oil consumption which has fallen from 18m tonnes in 1972 to about 10.5m tonnes a year now.

Coal has taken over from oil for electricity generation, with coal imports rising from 2.1m tonnes in 1972 to 9.6m tonnes in 1982.

The nuclear option, however, has been dropped, agreement of both Government and opposition parties, less because of its economic aspects than to avoid *a damaging conflict of opinion.*

The next major step, therefore, both to diversify away from oil and to increase self-sufficiency, will be the import and distribution of Danish North Sea gas, due to come on stream in mid-1984.

Once gas supplies reach the provisional target of 1.7bn cubic metres a year, North Sea gas and oil together will account for 20-25 per cent of tha country's total energy requirement, with reasonable prospects of increasing this to 30-40 per cent in the 1990s as new oil and gas finds are found and developed.

In spite of the superficial attraction of tapping an indigenous energy resource, however, the natural gas project has been the subject of fierce controversy ever since the go-ahead was given by the Government in 1979, acting first and foremost on the grounds of security of supply.

Economists have argued that it would have been a better proposition to sell the gas to the Continent rather than to build up the distribution network in Denmark at a cost of almost Kr 19bn, including financing charges.

That criticism, however, is by now water under the bridge since the main pipelines have been laid from the Jutland west coast to Copenhagen and the project has long since reached the point of no return. The issue now is management and that is where Dong comes in.

DENMARK'S ENERGY EQUATION

Figures in m tonnes oil equivalent

	1973	1980	1981	1985	1990	1995
ENERGY PRODUCTION						
Solid fuels	0	0.3	0.4	0.3	0.3	0.4
Oil	0.1	0.3	0.8	4.0	4.0	4.0
Gas	0	0	0	0.9	2.4	2.4
Nuclear	0	0	0	0	0	0
Hydro/Geothermal	0.01	0.01	0.01	0.3	0.7	1.0
Electricity (TWh)	19.1	27.1	19.8	26.4	30.0	31.9
ENERGY DEMAND						
Total fuel consumed	16.2	15.3	14.2	14.6	15.1	16.2
of which:						
Oil (%)	88.4	76.7	74.8	53.7	51.7	48.2
Solid fuels (%)	2.4	5.4	5.8	8.2	9.9	11.1
Gas (%)	0.7	0.7	0.7	4.8	11.9	12.4
Electricity (%)	8.5	12.5	13.5	14.3	15.2	15.4
Other (%)	0	4.8	5.3	8.9	11.3	13.0

Source: International Energy Agency, 1982 Review of Energy Policies and Programmes of IEA Member Countries.

The gas is being supplied by the Danish Underground Consortium (Duc), consisting of the Danish A.P. Moeller Company as operator, and Shell, Texaco and Standard Oil of California. The consortium has contracted to sell 55bn cubic metres to Dong between 1984 and 2009.

Dong originally planned to sell 2.5bn cubic metres a year to industry and around 400,000 households, but as energy demand has fallen, the sales target has been cut to 1.7bn cubic metres a year.

The balance is to be exported to Sweden and West Germany, at prices which have not been revealed.

Danish industrial users contracting for the supply of gas later this year will pay between Kr 1.49 and Kr 1.80 per cubic metre and household consumers Kr 3.298.

Householders are willing to pay such prices as gas remains cheaper than the oil which it invariably replaces. Oil and electricity, however, unlike gas, are subject to energy taxes: another factor which distorts any attempt to calculate the true economics of the project.

The gas project's financial problems were highlighted by the publication of Dong's 1982-1983 annual report at the end of last year. The company showed a Kr 175m net profit, though only after some window-dressing. A Kr 70m deferred tax item was activated in the profit and loss account as extraordinary income, and Kr 224m in unrealised exchange rate losses were not shown in the profit and loss account.

Not surprisingly, the auditors qualified their approval of the accounts, the main condition being that if Dong and the five regional distribution companies to which Dong acts as wholesaler, are unable in the near future to balance revenue and costs, the Government will intervene, if necessary by legislation.

Mr Knud Enggaard, the Danish Energy Minister, and the man responsible for dismissing the Dong Board, rules out the most obvious possibilities for the Government: an injection of capital or some form of compulsion upon householders to switch from oil to gas.

Mr Enggaard denies there is a threat to the financial stability of Dong since all its Kr 6.9bn debt, virtually all foreign loans, is backed by a state guarantee.

The two most recent controversies around the gas project have not, in fact, centred on the finances of Dong or the gas project.

A report to the Minister last week by the Copenhagen firm of accountants, C. Jespersen, was at its most scathing on the organisational aspects of the gas project. It said that the jungle of committees, which project was submerged in a slowed up the decision-making process and blurred responsibility for decisions and financial accountability, especially between Dong and the regional gas companies (organised as partnerships among local government authorities).

According to Mr Enggaard, the problem is that Dong has become over-ambitious and too independent, which is why he sacked the board.

"We had to get this sorted out. If Dong becomes too independent we cannot be sure that directives from the Folketing, which the minister is responsible for implementing, will be carried out," Mr Enggaard said in an interview. What he fears is a repetition of events in Norway where the state oil company, Statoil, has carved out a strong position, relatively independent of the Government and the Storting.

Mr Jens Christensen, the ousted Dong chairman and a former ambassador to the UK, argued that Dong must be allowed to act like any other oil company, a philosophy he tried to put into effect by a deal to go into the distribution of oil products with BP and OK (the co-operative movement's oil company).

The new board is likely to be more compliant, since the dismissed members have been replaced by four permanent under-secretaries, emphasising that the Government dog intends to wag the tail from now on, if there is any wagging to be done.

After the controversy surrounding the gas project, the developments in oil and gas exploration are a happier story.

This spring, the Government will award licences to explore for hydrocarbons in the Danish mainland and offshore areas under what is misleadingly known as the first licensing round.

This round has arisen because A. P. Moeller, which was awarded a 50-year exclusive concession to all Danish mainland and offshore areas in 1962, was forced three years ago by the Social Democratic Government to relinquish most of its original concession. The relinquishment procedure will be completed in 1986, but with 75 per cent already back in Government hands, it is to these areas which the new licences will apply.

Although no-one expects that any really major finds will be made in the Danish area, especially as Duc has already had first chew at the bone, there were applications from 24 foreign and eight Danish companies.

Both the number of applicants and the geographical spread of the block applications, which include blocks in the Baltic, Kattegat, Skagerak and the mainland as well as the North Sea (where Duc has concentrated its search and made all the finds to date) are regarded as satisfactory by Mr Enggaard.

ENERGY USE BY SECTOR

Figures in m tonnes oil equivalent

	1973	1980	1981	1985	1990	1995
INDUSTRY						
Oil	3.4	2.4	2.0	2.0	1.7	1.7
Solid fuels	0.3	0.5	0.4	0.7	0.9	1.1
Gas	0.02	0.02	0	0.2	0.6	0.7
Electricity	0.4	0.5	0.5	0.6	0.7	0.7
Other	0	0	0	0	0	0
Total	4.0	3.5	3.0	3.5	3.9	4.2
OTHER SECTORS						
Oil	7.4	6.0	5.52	4.2	3.0	2.8
Solid fuels	0.1	0.3	0.4	0.5	0.6	0.7
Gas	0.1	0.1	0.1	0.5	1.2	1.3
Electricity	1.0	1.4	1.4	1.5	1.6	1.8
Other	0	0.7	0.8	1.1	1.7	2.1
Total	8.6	8.5	7.9	8.1	8.1	8.7
TRANSPORT						
Oil	3.5	3.4	3.4	3.0	3.1	3.3
Total	3.5	3.4	3.4	3.0	3.1	3.3
ELECTRICITY GENERATION						
Total fuel input	4.5	6.7	5.0	7.4	8.2	8.7
Oil	2.8	1.2	0.7	1.0	1.0	0.9
Solid fuels	1.7	5.5	4.3	6.1	6.7	6.2
Gas	0	0	0	0.2	0.2	0
Nuclear	0	0	0	0	0	1.1
Hydro/Geothermal	0.01	0.01	0.01	0	0	0
Other	0	0	0	0.1	0.3	0.5

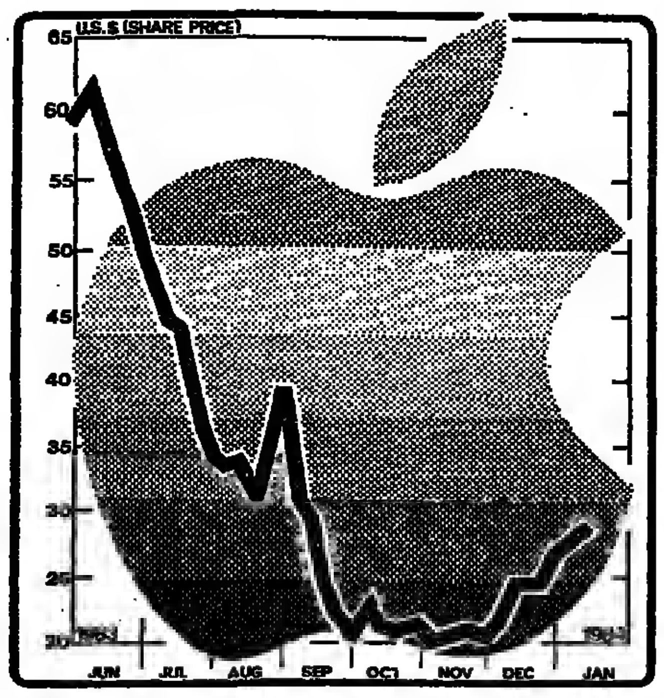
Source: As above.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How Apple aims to get under IBM's skin

The computer group's latest model is vital to its future. Louise Kehoe explains why



FOR APPLE Computer, the launch of its latest model, Macintosh, at the company's annual meeting yesterday represents the first public declaration of a major restructuring and refocusing of the company that pioneered the personal computer.

Faced with mounting competition from IBM, the looming threat of a Japanese attack upon its home market and disappointing sales of Lisa, a $10,000 computer introdnced a year ago, Apple had to make some drastic changes.

"We had to do several things concurrently, and do them all in the middlo of an industry shakeout," says John Sculley, president of Apple since last April. "Nineteen eighty-four will be *such* an important year for Apple that there will be little opportunity for error.

"We had to: define our product line strategy; get the technology in place to bring the products to market; go through some major restructuring in the company; build the first automated factory in the industry within six months; and then learn how to become a consumer marketing company. Wo think that we have done it."

While sharpening up Apple's competitive edge, Sculley has also tried to preserve the famous Apple entrepreneurial spirit which drove it to become the fastest growing company in the U.S. in the late 1970s.

"I don't think there is any other company in the world like Apple Computer; It is a Camelot for a lot of very bright people," says Sculley.

"In a competitive market ploce we must have tha discipline of a product strategy and comprehensive business plan. It is the discipline of strategy that we have introduced into Apple this year, rather than bringing in rules and layers of management.

"To have a free environment and yet still to have discipline is the balance we have to aim at. And I think we are making progress," claims Sculley.

Apple's combination of entrepreneurialism and corporata discipline is reflected, quita literally, in its buildings. The central lounge in its Macintosb group building—with its ping-pong table, video games and new digital stereo system—reflects the personality of Steve Jobs, the company's co-founder and chairman.

But across the road at Apple's heodquarters, where Sculley, former president of Pepsi Cola, holds sway, there is a very different style and atmosphere. Says Floyd Kvamme, who joined Apple as executive vice-president a year ago from National Advanced Systems: "We are consciously trying to preserve tho froedoms of the development group. It is important that they hava liberties. In headquarters we have to interface with tha real world of dollars and cents. In the development group thore needs to be o more open atmosphere."

Of tho changes at tho top of Applo Computer, the most significant is the formation of a marketing group headed by Kvamme. When he arrived at Applo a year ago there was no marketing department, just o collection of related functions, he says. Kvamma has been responsible for creating a marketing strategy for Apple, and the Macintosb launch is the first to benefit from his efforts.

The effects are already evident. When Appla launched Lisa a year ago the company seemed to think that its new technology would sell itself. With Macintosh, Appla is determined to creata interest among potential purchasers.

Apple upset its network of retail dealers when it launched Lisa by not allowing more than a few bundred of them to carry the product. There have also been conflicts over Apple's continually changing prices on different "bundles" of Apple II products.

By default Apple has, however, become more attractive to the dealers since so many of its competitors have proved to be unreliable — not delivering on time or launching bug-ridden prodncts.

Retailers were also pleased by sales of Apple II during the 1983 Christmas season. Apple says it sold a record 100,000 units during December.

Today Apple is showing its dealers a lot more respect. "We are a retail company. Wa are going to stay a retail company and those dealers are our partners," says Steve Jobs. "We need them to be successful." Jobs, Sculley and a bundred other Apple executives criss-crossed the U.S. hosting rallies to introduce Macintosh to the dealers last week.

The naw Macintosh is Apple's answer to the IBM Personal Computer which has stolen the limelight and half of Apple'a U.S. market share over the past year.

"There have been two milestone products in the personal computer industry: the Apple II in 1977, and tha IBM personal computer in 1981," says Jobs, acknowledging the overwhelming success of his major competitor.

"Wa have to make Macintosh the third great product of our industry, and we feel that we have 100 days to do it in."

"Macintosh is the first mainstream product that Apple has launched since the Apple II in 1977," says Sculley. With the launch of Mac, Apple has redefined its product strategy. "We have returned to our roots," saya Jobs.

"Apple's strength is in taking a great technology and turning it into a product that is affordable for a lot of people. That is what we did with the Apple II and that is what we have done with Mac."

To compete in tho office personal computer market today, Apple's computers must fit into a world dominated by IBM. Apple's new machines do not, however, conform to tha industry standard set by tho IBM Personal Computer.

"Wa have to find a role that will offer people something that they won't get from IBM products," explains Sculley. "IBM is prepared to give people pedestrian technology and compatibility. Apple bas to carve out o position that is going to be totally distinctive."

"Apple is a company that dares to be different," Sculley boasts. But being different is expensive. Appla spent $50m developing Lisa. "Lisa captured the hearts and the imaginations of the industry, but it did not capture the desk tops," admits Jobs. Apple haa sold less than 15,000 Lisas since the product was introduced, market analyses estimate.

Still, Apple is convinced that its Lisa technology is the kay to unleashing mainstream demand for personal computers. With Macintosh, Appla has stripped away tha frills and repackaged Lisa's key features for a quarter of tha original price. Apple has also reworked Lisa. Three new Lisa 2s—each with a different memory configuration — will be offered for prices ranging from $3,495 to $5,495.

Reducing the cost of "Lisa technology" involved a major engineering effort. "The Apple II was designed in o garage to be built in a garage. The Macintosb is designed to be built in the millions by robots," Sculley quips. Apple has equipped a highly automated factory in Fremont, California, that can produce Macintosh computers at the rate of one every 27 seconds. "Tho cost of lobour is less than one per cent of the cost of tho product," says Sculley.

With the price reduced to a mass market level, Appla aims to attract the 95 per cent of office workors who do not yet use personal computers. By making personal computers easier to use, Apple aims to tap this fresb market. Current generation compnters—in particular the IBM PC—are too difficult to learn to use, maintains Jobs.

Early purchasers of personal computers were prepared to spent 20 to 100 houra learning how to use the machine, Jobs reckons. "But sooner or later we are going to run out of people who are willing to take the time."

If be is right, then Apple as mucb as ony of its competitors, must find a solution. The Apple II, which currently contributes more than 85 per cent of Apple revenues, is seven years old.

"People talk about a computer on every desk, but it is just not going to happen — not with the current generation products," says Jobs.

Jobs grandly compares tho design of Macintosh to tho invention of tho first telophone — Macintosh, be says, is a compnter that lets yon sing, just as a telepbone allowed people to communicate easily and for tha first time to intone their words.

When it came to selling Lisa, Apple thought that it no longer needed the bundreds of third party software creators who had contributed so strongly to tho success of its original Apple II. That policy has changed radically with the launch of Macintosh.

"Apple will not be in the software business for Macintosb; we expect to supply less than 5 per cent of Mac software," say Apple executives.

As well as learning from its past mistakes, Apple has picked up somo new tricks. Influenced by Sculley, Apple has plunged into the world of consumer marketing with the launch of Macintosh. Apple will spend $50m on the Macintosh "roll-out," inclnding a $30m advertising budget, and a world-wide publicity campaign.

Recognising that compnters ore sold by traditional consumer marketing mothods rather than by the claims of "Ram, Rom, Bits and Bytes" of tha last few years, Apple has put considerable effort into its advertising plans.

During last Sunday's super-bowl football, TV watchers in major cities around the U.S. (inclnding the location of IBM's personal computer division) were treated to a microcosmic view of tho Apple/IBM rivalry. During one quarter, commercial hreaks featured IBM's new PC Jr. In tho second half, Applo'a "teaser" commercial announcing the imminent launcb of Macintosh was shown.

With its new product stratogy in place, Apple seems to have regained mnch of its old confidence, but the combined effects of a new set of managers and an industry shakeout are taking their toll.

Since Sculley arrived in April, almost half of the 15 executive staff has been replaced. Sculley has cut Apple's workforce by 700 people to 4,600 and clamped down on expenditure.

Being shoved unceremoniously off its market leadership pedestal by IBM hurt Apple'a pride, Sculley ocknowledges.

"We are a young company, growing up. We know that anything we get we are going to earn. We are going to earn it by daring to be importantly different. It is that part of Apple's arrogance that we don't ever want to lose."

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Transfer of business and CGT

I WOULD be grateful if you would advise me on the following matter concerning Capital Gains Tax and transfer of business on retirement.

I am in practico with my wifc and will ba 65 in April next; my wife is now 58. We are proposing cessation of business dnring next spring and making a gift to two of our children, who are suitably qualified, of the business and the premises as a business asset. The premises are freehold and jointly bold by my wife and myself as tenants in common with eqnal shares and this has subsisted since March but previously for the past 34 years has been legally owned solely by my wife.

I would be grateful if you could advise mc on the following points which neither I nor our solicitor is able ta clarify.

Is the Chancellor's intended increase in the retirement relief to a maximum of £100,000 yet law?

Are we together able to enjoy the maximum relief as on my account, that is the full £100,000 at April 1984 or proportionately less if tho increase is now law? The only information which I have found which bears on this as given in "Smiths Taxation" under the heading of "Transfer of business an retirement" states "Ownership by busband and wife is regarded, in practice, as ownership by the other spouse when a business is transferred between them whether on death or otherwise."

I should also say that we propose actually conveying the premises during this current tax year and the goodwill in the next tax year and forgoing a small proportion of the retirement allowance.

Your solicitor has overlooked the Inland Revenue press release of July 25 (and you both ovorlooked tha reply published in our Business Problems column on October 5, under "Retirement of farmer"): tho Chancellor has promised to increase the retiremont relief limit to £100,000 in the Finance (No 2) Bill next spring, with effect from last April 6.

Your wife, of course, will not be eligible for any retirement relief, since she will he under the aga of 60 at the time of the gifts.

You will he eligible for full retirement reliof on tho gift of your own share of the goodwill (on or after your 65th hirthday).

As your wife did not give you your intorest in tho promises until about nine months ago, your entitlement to retirement relief on your gift of that interost will be restricted (and will be zero if the disposal occurs before tho anniversary of your ocquisition from your wife).

Unfortunatoly you will not benefit from extrastatutory concession D7 (upon which the sentence in Smith'a Taxation is based), os you will see if you ask your tax inspector for a copy of the free booklet of concessions, IR1. You could also ask him for copios of the free pamphlets CGT6 (Retirement Rollof), CGT11 (CGT ond the small businessman) and CGT12 (Indexation).

It is worth thinking about toking the two children into partnership before you retire; maybe your wife could continue os a partner until sho is 61 or so. This is merely a point to talk over with your family and your solicitor — because we do not know the background facts and figures of course.

Liquidation and retention monies

I would refer to your opinions on "Estate agent deposit" (October 19) that monies bold by a private company as trustee would not form part of tha general assets of tbe company when it went into liquidation.

Could we have your opinion as to tbe position of retention monies held by a building owner (private limited company) when the company goes into liquidation?

The building owner's interest in these monies (JCT Form of Contract 1963 edition, July 1976 revision) is "fiduciary as trustee for the contractor" (Clause 30 (A)) —which would appear to be a similar position to tho Estate Agent private company.

Yes, we think that the money you refer to would not form part of the general assets of the company. See *Quistclose Investments Ltd v Rolls Razor Ltd* (1970) A.C. 567.

No legal responsibility can be occepted by the Financial Times for the onswers given in these columns. All inquiries will be onswered by post os soon as possible.

BUSINESS FOR SALE

MEMORIAL SERVICE

HOPE-JONES

On January 24th peacefully in hospital. Sir Arthur Hope-Jones, KBE, CMG, aged 72. Much loved husband of Lucile and adored father of Peter and Catherine. Private funeral service will take place later this week, arrangements by Stoeman Funeral Services, Redhill. A memorial service will be held on Friday, May 25th, at 11.30, at St. James's, Piccadilly, for his many friends and associates.

THE ARTS

Television/Christopher Dunkley

Fifty golden cheers for Minder

Switch on ITV at nine o'clock tonight and you will see a man climbing a drainpipe. From him, and the Skye Terrier barking up at him, we cut to the interior of a flat where an attractive girl is taking a shower with the radio on. Our understanding of film conventions tells us that the lady is about to be burgled. Sure enough the next shot reveals that the climber who is wearing a mountaineer's harness has reached the roof and is leaping silently across horrifyingly high gaps between dormers.

In a rapid sequence we then see the man quietly searching the flat with the girl still in the shower, as a tough looking character arrives outside the block in a car driven by a younger but even tougher looking man. Getting out the elder tells the younger "When I'm in the back and yore in the front steerin', it's *Mister* Metcalfe right?" Wholly unimpressed by this snobbery the younger man drives the car off round the block.

Meanwhile the burglar who has pocketed a boxful of tom (as we swiftly learn to call jewellery: tom foolery) is abseiling rapidly down the face of the flats, as the beautiful girl who has progressed to sexy black underwear lets Metcalfe in, and the theft is discovered. The third episode of the current and, sadly, last series of *Minder* is under way.

In the following hour we once again meet Arthur Daley who, in a gag casually thrown away behind dialogue, is putting a new "special" price on one of his secondhand cars: £1,390 instead of £1,290. In a typical malapropism he tells the tough young man, Terry McCann, who is his employee, a "minder" hired out by Daley: "With your sexual parenthesis you're very easily led" but McCann protests: "Listen I did not burgle Micky The Fish."

All the elements which have made *Minder* so hugely enjoyable and successful since its opening in autumn 1979 are here again: the London settings, the location film work, the rich argot, the sweet and sour mixture of comedy and realism, and the plot determinedly spreading outwards from character.

But most importantly, of course, there are the two leading characters themselves—some would say loveable rogues, others parasitical petty criminals—and the actors chosen for the rôles. Since Dennis Waterman had already played the younger half of the leading cockney duo in *The Sweeney*, albeit as a policeman, perhaps it took no great genius to cast him in another cockney duo as McCann, the young ex-con and ex-boxer (the other week he made a brief and bloody comeback in a nasty needlematch). After all *The Sweeney* was a London-based crime series made by Thames Television's Euston Films division under Verity Lambert's wing, and so is *Minder*.

George Cole, Dennis Waterman and Glynn Edwards in "Minder"

The real stroke of genius however was the choice of George Cole for the elder partner. It may be sheer fancy but I have never been able to banish the feeling that Arthur Daley with his panatellas, brown trilby and wide-striped ties, is actually Flash Harry thirty years on: the grown up version of the Teddy Boy spiv played by Cole in *The Belles of St Trinian's* where he wore a slightly smaller trilby and a drape jacket and acted as fixer for the girls in their nefarious distilling, racing and kidnapping schemes.

Nothing much has changed. Today Arthur drives a cream Jaguar/Daimler saloon, and in one of the running gags of the series complains about the nagging of his wife whom we never see and who is known only and always as 'Er Indors. Thus "'Er Indoors'll be over the moon. You see she's got these feet. . . ." Arthur owns not only the car business which he runs from a smart caravan (one of the best of the always funny sub-plots in the current series occurs the week after next when a customer comes back with grass growing out of the bonnet where Arthur's panel beater has used dried mud instead of filler) but also a capacious lockup. Through this passes the most extraordinary merchandise, most of it publicised on *Police Five*: everything from pogo sticks to Japanese whisky.

Bucking up Waterman and Cole's central double act are Glynn Edwards as Dave, barman of the Winchester club which is often used as a venue for some rapid verbal sorting of the plot, and Patrick Malahide as Chisholm, the plain-clothes policeman. To say that these four permanent characters form an ensemble as strong as those in *M.A.S.H.* or *Lou Grant* would be an overstatement, but they certainly get as close as any British series to the virtues of those excellent American productions.

Furthermore *Minder* uses an impressive succession of supporting actors who come for an episode or even two and then move on. Last week we saw Lionel Jeffries as the rich eccentric old crook on a motorbike (a part written slightly over the top, unfortunately), tonight Jeremy Child turns up briefly as an insurance man, and next week in one of the best episodes ever T. P. McKenna plays an irrepressible confidence trickster.

In writing terms the great strength of the series is that its first preoccupation is with character, the plots serving to enhance them rather than vice versa. All too often British comedy has meant exploitation of the far-fetched. The small time crooks in *The Ladykillers* for example are certainly comic but they and their exploits are just as incredible as the characters and the macrocosmic criminality in the James Bond films. Arthur Daley and Terry McCann, on the other hand—despite their over-elaborate London slang ("I walk into a well known bird bandit's lair and find some Richard flannin' 'er 'Arris round the gaff . . .") are wholly credible.

So is the world they inhabit: a society where the economy is wholly black, unemployment is rife, making ends meet means a perpetual square dance with the law, and everybody moonlights. When Arthur urges the men who come to decorate the flat he has just "bought" (he has not yet discovered it is a council flat) to work like blacks he first corrects himself—"Oh no disrespect, like Irish navvies"—when he realises they actually are black, and then double-takes when he suddenly recognises his panel-beater's mate.

The most important element of all in achieving this credibility, the essential feel of the series, is the practice of making it on film on location. Like Euston's other work, *The Sweeney*, *Fox* and *Out*, and like some of the best Ealing comedies of the forties and fifties *Minder* exploits not the London beloved of Hollywood (Westminster, Chelsea, Hampstead) but the London that only Londoners know: Plaistow, Hammersmith, Notting Hill Gate, Acton. You don't often glimpse Big Ben or the Bank of England in *Minder* but breakers' yards, railway arches and cul de sacs feature very large.

This dedication to film clearly runs deep. The episode titles are almost invariably cinema parodies: the first ever was called Gunfight At The OK Launderette and so far the current series has featured Rocky Eight And A Half and Senior Citizen Caine with High Drains Pilferer coming along tonight. Better still, the supply of film stock does not appear mean, though the directors doubtless squeal as much as ever.

Locations vary pleasingly and from time to time (as in the road-training sequence for Terry's boxing comeback) we are treated to the sort of fast-cutting sequences against contrasting backgrounds — park, canalside, path with chainlink fencing—which score so heavily over work on tape or in studio. Tonight's opening sequence from drainpipe to roof to car to shower and so on holds one's attention in a claw-like grip because it was shot and edited on film.

There were just 37 episodes of *Minder* in the first three series. When the current season ends we shall have seen 50. Compared to big American series that is a mere morsel: *Dragnet* ran to 398 episodes, the *Lucy* shows to 479 and *Gunsmoke* to 512. But the quality of *Minder* has been very high. Leon Griffiths who conceived it (and wrote next week's superb episode), producers George Taylor and Lloyd Shirley, and executive producers Johnny Goodman and Verity Lambert are going to have to do something quite remarkable if they are to sustain the standards set by Euston Films with *The Sweeney* from 1974 to 1978 and now by *Minder* from 1979 to 1984.

Eve/Lyric Studio, Hammersmith

Michael Coveney

After 40 years of marriage to a Montreal accountant, Eve leaves. She adopts a life of squalor in the French quarter. The heroine of Larry Fineberg's play is a strange, unfathomable and, alas, in the end, fatally uninteresting character. She seems to be ill. She appears to want her privacy. Perhaps she just wants to die alone. But she proves nothing to herself or anyone else by rummaging in dustbins for dirty plimsolls and cheap jewellery.

The evening is not a complete yawn because the agelessly beautiful Constance Cummings takes the lead. Her delicate emotional volatility lights up patches of banal writing such as a lunchtime rendezvous with her astonished grown-up son (Blain Fairman) or the inserted flashbacks to the marital misery she experienced from day one.

The play feels like a radio play and is not dissimilar to the Arthur Kopit radio play, *Wings*, which Miss Cummings irradiated at the National four years ago. But there is little fabric to Mr Fineberg's text and little weight—little wit, too, for that matter—and Miss Cummings's grace, dignity and general buoyancy are seen in increasing dislocation from the play as the evening wears on.

Wears on, did I say? The show is down in under two hours and Eve's game plan given a decisive nudge, at last, when a drunken Hungarian, in the formidably bearish appearance of Glyn Owen, falls into her squalid room and, rather like Guy Burgess visiting Coral Browne after seeing her in Redgrave's *Hamlet*, plunges past her to vomit in the kitchen sink.

The Hungarian is called Horvath and indulges in the odd pastime of singing complete operas with a retired music critic. Alas, Mr Fineberg denies us a glimpse of this activity. Instead, Horvath massages Eve back to some sort of emotional normality and tells her she has beautiful feet.

Eve, based on a Canadian novel by Constance Beresford-Howe, dates from 1976 and was seen on Broadway in 1981 with Jessica Tandy. Ronnie Letham's Hammersmith production has a cunning design by Dermot Hayes that combines evanescent views of the old quarter with solid furniture, notably a mahogany piece that is either a bannister or a huge bedhead floating where the two acting levels split.

Alastair Muir

Constance Cummings

Much more to the point and muscular, is Edward Bond's new short play *Red Black and Ignorant* which is part of the RSC's "Thoughtcrimes Festival" in the Barbican. Since Christmas, George Orwell have become two of my least favourite words but Bond's raging parable of a dead and blackened civilian called Monster slouching towards birth with some painful lessons of experience intact from the nine Brechtian scenes we witness, is one of his best short plays. I saw it last Thursday and you can tomorrow lunchtime or on Thursday night. Ian McDiarmid gives a stunningly uncontained performance.

Extended runs for 'Snow White' and 'Hi-De-Hi'

Snow White and the Seven Dwarfs, currently at the Phoenix Theatre, has had its run extended to Saturday, March 3. From January 30 Snow White will be played by Denise Noland of the Nolan Sisters.

The run of *Hi-De-Hi* at London's Victoria Palace Theatre is being extended by two months to May 5.

Then the stage version of the BBC TV comedy will open in Blackpool for the summer.

Russians/St John's and Radio 3

David Murray

Monday's BBC Lunchtime Concert gave equal chances to both the violinist Mark Lubotsky and the pianist Boris Berman. Mr Berman began with two of Shostakovich's fine—and surely under-performed—Preludes and Fugues, op. 87, the pairs in E minor and in D-flat. The former has a gently worried Prelude that is purest Shostakovich and one of the most Bach-like Fugues in its thematic cut, the D-flat couple are theatrically grandiose. Berman was extremely effective in both moods and his intellectual control was impeccable.

Mr Lubotsky's solo piece was Stravinsky's "Elegy": a bold choice, for its constant double-stopping is much less risky on the viola, which was its intended instrument. Transposing up by a fifth, Lubotsky still found the right dark hues for the music (and with the merest traces of slipped pitch). He also made it sound ripely and convincingly Russian; more often than not the Elegy seems only an abstract lament.

Most performances of Prokofiev's D major Sonata on the violin confirm my prejudice in favour of the original flute, which can be disarmingly breezy and cheerful where the violin sounds like slumming. The idiomatic zest that Lubotsky and Berman brought to it silenced such doubts. They attacked the opening Andantino with crackling verve, crooned happily over the Andante and sizzled through both Scherzo and Finale. Lubotsky has a dab pizzicato hand, and Berman was elegantly detailed in the piano part beyond anything likely to be heard from mere accompanists. Perhaps, after all, the flute doesn't have prior rights to this exhilarating, shameless piece.

The Standard Drama Awards

The 29th Annual Standard Drama Awards were announced yesterday at a luncheon at the Savoy Hotel. The Comedy of the Year was *Tales from Hollywood* by Christopher Hampton, which was presented at the National Theatre. The Best Actress of the Year was Geraldine McEwan for *The Rivals*, also at the National Theatre; and the National Theatre scooped a third award for *Master Harold and the Boys* by Athol Fugard which was nominated Best Play of the Year.

The director of the year was Yuri Lyubimov for his production of *Crime and Punishment* at The Lyric, Hammersmith.

The Best Musical of the Year was adjudged to be *Little Shop of Horrors*, which has been playing at the Comedy Theatre and is an import from off Broadway. In proposing a toast to the Arts, the Minister for the Arts, Lord Gowrie, said that the arts were not in danger from this government. He said it was his brief to maintain funding but he was determined to shoot for something better. He described the function of subsidy for the arts as the building of a walled garden in which anarchy can flourish.

It was also announced that the opera award was to be given to Claudio Abbado for his role as conductor of Boris Godunov at the Royal Opera House; and the Standard Ballet Award to David Bintley for two new works.

The Award for the Most Promising Playwright went to Phil Young who devised and directed *Crystal Clear*, a play about love among the partially sighted which transferred from the Old Red Lion in Islington.

The Best Actor Award went to Derek Jacobi for his heroic series of performances with the Royal Shakespeare Company in the Barbican. He has distinguished himself as Cyrano de Bergerac, Prospero in *The Tempest*, Benedict in *Much Ado About Nothing* and Peer *Gynt*.

Fiona Chadwick/Covent Garden

Clement Crisp

Since her debut in *The Sleeping Beauty* a couple of years ago at a matinee in which the score trailed round her bright feet like unravelled knitting, Fiona Chadwick's Aurora has blossomed. On Monday, her performance had that sense of happy command of the role which is one of her best attributes as a dancer (and which made her account of the Enchanted Garden Fairy in the Prologue a week ago one of the very best I have ever seen: the dance stated from a position of formidable strength and radiant charm).

Miss Chadwick is a dancer of secure, unfussed technique and warmth of temperament — qualities which fit her admirably for Aurora. More particularly she has a sense of the onward progress of choreography, an ability to state dancing in long, coherent paragraphs, which argue an intelligence both musical and dynamic, and give her interpretations a momentum and an energy which are as much psychic as physical. And how lovely it is to see an artist able to infuse her little, trilling *pas de bourrée* with such a feeling of Aurora's girlish happiness.

The sum effect of her *Beauty* is always persuasive, and we never doubt for a moment her ability to sail through the role, and to do it youthful justice. But her gifts—already amply proven in her Odette/Odile and her Isadora—can bring greater rewards. She has found an obvious identity, and one which is attractive, as a dancer of sure technical command. What must come next is, I hazard, further authority, some nobler refinement of means, which will take her dancing to the very heart of the English classic style.

She is probably a dancer for expansive, Kirov-style templi—the Royal Ballet has ever sought to bustle Chaikovsky along—and for a self-sufficient purity of means in which her own grandeur will reflect the harmonies of Petipa's writing. We have much to hope for from her.

Miss Chadwick's prince was Wayne Eagling, sure partner and energetic exponent of his variations. In a well cast evening, the Bluebird pas de deux was notable for the ballon and clean technique of Anthony Dowson and the precision and sweetly open outlines of Ravenna Tucker's dancing as Florine.

Dancin' ends

Dancin', Bob Fosse's all-dance musical show, will end its run at London's Theatre Royal, Drury Lane, next Saturday after just 11 weeks. The producers made the decision because of a post-Christmas decline in bookings.

Sydney Quartet/Wigmore Hall

Dominic Gill

The Sydney String Quartet are — or were, until a recent change of half their number forced them to begin again the lengthy process of forging a collective musical identity — one of Australia's most distinguished string quartets. They opened their recital on Monday with a performance of Haydn's E flat quartet op 50 No 3 which indicated that the process is probably not yet finished: observant and caring, but roughly cut. Intonation problems were shared fairly equally among the four.

The evening's central work was the second quartet (1980) by the Australian composer Richard Meale — a characteristic piece, well made and carefully crafted, somewhat unfocused in effect, but all the same original and continually surprising. Meale has a knack, notably in his piano music but here too, of pulling a phrase together just as it seems to be lost; of illuminating, subtly and simply, an obvious cliche. Most striking of the five movements were the first and last: an opening *tempo con modo*, hesitant, quirky, impassioned; the finale, a valedictory violin melody accompanied by a twilit groundswell of harmonics.

The Sydney Quartet ended with Bartok: a performance which had the broad character of Bartok's sixth quartet, and indeed most of its notes, but which in most other detail was largely uninflected; the music which emerged as a result was at once powerfully familiar and disconcertingly anonymous.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 20-26

Theatre

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

Woman of the Year (Opera House): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3770)

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (rhyming with "fondle") in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (928 7616).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Berman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

Candida (Goodman Mainstage): Munson Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800)

Harvey Fierstein in his Torch Song Trilogy (New York)

The Trial of the Catonsville Nine/Munich

Ronald Holloway

In these heady days of the peace movement in West Germany and other European countries, a play like Daniel Berrigan's documentary drama, The Trial of the Catonsville Nine, deserves to have the dust shaken off it for a number of reasons.

The primary reason, of course, was the appearance of the Berrigan brothers, Jesuit priest and poet Daniel and ex-Josephite priest Philip, in a remarkably convincing documentary film made by Emile de Antonio: *King of Prussia* (1982), winner of the International critics' Prize at last summer's Locarno film festival. That film was invited to the Berlin film festival last February too, the occasion matched by this revival of Daniel Berrigan's play on the Catonsville Nine produced by the Berliner Compagnie, a road company whose only attraction is this "peace drama."

If my memory serves me correctly, the same play was produced at the Münchner Kammerspiele in the early 1970s under the direction of Intendant August Everding. The production was televised, and thereby reached a large German public at the very time the Vietnam crisis was winding down in America. The reappearance of the play in conjunction (international or not) with the documentary film featuring the "Plowshares Eight" on trial in Pennsylvania for much the same offence they committed earlier in Maryland: (tampering with government property) comes at a most opportune time as European citizens face a similar dilemma of active (or passive) civil disobedience.

The Berliner Compagnie under Gerhard Fries is a committed collective. They have performed their sole production in churches and schools, city auditoria and legitimate theatres, even youth and community centres – in fact, for anyone and everyone who chooses to invite them. The troupe carries its court-room-set on its back, so to speak, as the company zig-zags its way across Germany from Osnabrück to Munich to Karlsruhe, and back to Berlin again. Since the première in May 1982, the production has totalled well over 150 performances – and the invitations still pour in.

This is not a particularly professional offering. The main object is to perform before already committed groups at a fast-paced 90-minute clip without a pause, then offer the stage to the audience for a follow-up discussion on the peace movement in general. This goes on for another 90 minutes or so; afterwards, the troupe of 13 save expenses by staying overnight as guests of the hosts who invited them. This usually means more talk into the night, then an early rise to continue on to the next town or city by the later afternoon – and a repeat of the same.

It's exhausting work, particularly for the lighting and technical man in the troupe. On that score, and considering the truly large audiences of old and young applauding the performances, the Berliner Compagnie is quite professional. (Shortly, according to publicised reports, more performances will be booked at larger theatres in Frankfurt, Switzerland, and elsewhere. Indeed, The Trial of the Catonsville Nine is now well on its way to becoming the longest running theatrical hit of the season.)

Documentary drama has a long tradition in German theatre. This one stems from across the Atlantic, instead of originating at home. The performances are as naive and convincing as the statements are simple and provoking. Church groups and university students tend to relish the drama of the peace movement most of all; the discussion in those instances can be hot and heavy afterwards.

But when the group stands on a stage of a small theatre, as happened in Munich at the Theater der Jugend, the best is drawn from the troupe's mixture of veteran and young acting professionals. One forgets the message and is absorbed by the emotional impact of a sobering, low-keyed delivery of factual testimony from another time and place. An audience pays reverence to the very process of thinking out loud.

TECHNOLOGY

EDITED BY ALAN CANE

Prutec backs UK personal printer

BY GEOFFREY CHARLISH

Prutec, PA Technology, Thorn-EMI, Cherry Electrical, GEC Reliance and Ingersoll Engineers are involved in a new, virtually all-British office technology product—a typewriter that can be a word processor or a personal printer.

The company marketing it is Panorama Office Systems, in which Prutec, the high technology investment wing of the Prudential Assurance Company has invested £2.5m.

It was set up early in 1982 by Eric Winkler, formerly of Sussex University who had previously started successful chess computer company in Hong Kong. Further funding of some £600,000 has been forthcoming from the Department of trade.

The mechanical and electrical design of the system, dubbed Personal Typing Centre (PTC), has been undertaken by PA Technology at Cambridge while Ingersoll Engineers has been responsible for the production engineering. For system software Panorama went to three consultancies — Mari, Syadon and Nine Tiles.

Aimed specifically at the professional typist and secretary, the new machine consists of three units. One is a 14-inch display unit containing a 5.25 inch floppy disc holding up to 75 pages of A4 text. It will be manufactured to Panorama's design by Thorn-EMI at the Feltham plant.

The keyboard is "stand alone" and can be placed to suit the user. It will come from Cherry Electrical of Harpenden in Hertfordshire.

The third unit is a newly designed bi-directional daisy-wheel printer, which is being made by Vonderbnff Communications in Nuneaton. The PTC will be the only product in the UK to use a domestically-manufactured daisywheel printer. In due course it will be marketed separately at a price yet to be decided.

Eric Winkler, chairman of Panorama Office Systems with the new office centre.

The complete PTC will retail at £1,995 and there will be a two tier approach to marketing in the UK. GEC Reliance will deal with sales to the public sector and to the 500 top UK companies, while Wilding Office Equipment and a number of similar distributors will deal with the remainder of the UK. Buropa will deal with sales in Germany.

Mr Terry Cooke-Davies, managing director of Panorama, believes the PTC will fill an important market niche between electric ond simple electronic typewriters on the one hand and larger scale word processors on the other.

There are three modes of operation. With the keyboard placed in front of the printer, the system becomes a straightforward basic typewriter in which the operator need make no reference to the VDU screen.

Alternatively it can be used as a memory typewriter, allowing the operator to store and extract pieces of text. Finally, it can be employed for quite sophisticated word processing with delete, insert, move, scrolling, re-formatting, justifying, centring and other functions.

A useful feature of the word processing software is that assistance can be obtained at the bottom of the screen at any moment by pressing a "help" button. The function is explained and necessary actions outlined. "But," said Mr Mike Kennedy, marketing director, "wa have tried to avoid WP functions a secretary would not need. It's word processing without the baggage."

Printing instructions are given by filling in blank areas on a print instruction screen. While printing is in progress at about four words a second, the operator can start typing on a new job.

On the screen, each character is written in a 16 x 9 matrix for good definition and there are 80 on each of the 25 lines. Bold, single and double underlined text is displayed and printed via on easily-removed 96-character daisy wheel. The processor is an Intel 8088 micro and 128k of random access memory is provided.

The company claims that the PTC provides a smooth upgrade path from the electric typewriter to powerful word processing. Cooke-Davies is convinced there is demand for this kind of machine following market research carried out in both the U.S. and Europe. He believes that in the UK alone about 180,000 units could be sold in 1984. More on 0908 660444.

BRITISH COMPANY DESIGNS ITS FIRST CNC MACHINE TOOL

Spindle drill cuts production costs

A NOVEL British machine tool has been designed and launched by Leslie Hartridge, part of the Lucas group, to overcome production problems in traditional machine shops.

At the same time, the use of chips of granite rock in epoxy resin for tha base of the machine has simplified its manufacture using a form of "cement mixer" in the corner of the factory.

This material, 85 per cent granite and called Granitan, was developed by Studer of Switzerland and is licensed in the UK through the Cranfield Institute of Technology.

Leslie Hartridge's new Cubotic D400 computer numerically controlled horizontal drilling machine uses the granite-epoxy material for the main frame, the supporting bed and the horizontal runners, carrying the rotating components, of the machine.

The total absence of cast iron components for the machine's base has cut production costs and eliminated the need for any machining to finished size, in spite of the precision required for the running rails.

The chief novelty of the machine comes from the use of a rotating cubic work table. This is designed to allow the machine tool operator to carry out several operations simultaneously. While one vertical face of the cube is positioned ready for horizontal drilling by the CNC machine tool, the other vertical face and the top horizontal face are available for loading and unloading of machine components.

The cubic design also means that metal swarf from the drilled component falls under gravity into an enclosed bin from the vertical face. Any remaining swarf falls when the drilled surface rotates to the position of the bottom horizontal face.

These features cut the production time for steel components by 20 per cent compared with the conventional manual vertical spindle drills still used at Leslie Hartridge, the company claims. The company also estimates that up to 12 conventional spindle drills can be replaced by one Cubotic D400 CNC drill.

The company's main business is producing test equipment for diesel engine pumps rather than machine tools. But the slow speeds of the traditional spindle drills and the need to produce jigs regularly produced a "bottleneck" in the production of components. It was this problem that led the company to design and produce its first CNC machine tool.

CANADIANS PLAN ROBOT VISION EXPERIMENTS

Car makers eye space tests

By PETER MARSH

AN EXPERIMENT 300 kilometres above the earth may help car factories in Canada to operate robots with artificial vision.

The robots could see action in car plants later in the decade. For example, they could watch out for parts arriving on a production line and fit them into containers.

Car and machinery companies in Canada are participating in the design of the space experiment, which will take place in about two years and involve one of the country's newly enrolled team of astronauts.

In the project, workers will put a TV camera on to the end of a large mechanical arm built by the Canadian Government for the U.S.'s fleet of space shuttles.

The arm, anchored in the cargo bay of a shuttle, reaches into space to grab orbiting satellites. Alternatively, it may inject spacecraft from tha bay into orbit.

Images from the camera will be passed to a computer which instructs the arm how to move to do specific jobs. In this way, for example, the mechanical "fingers" on the end of the arm could pick up pieces of space hardware without human intervention.

With today's version of the arm, astronauts inside tha shuttle's crew quarters have to guide it into position.

Canada's National Research Council has spent C$100m developing the arm, which has seen service on five out of nine shuttle flights.

> The project involving artificial vision is one of two space experiments on which Canadian scientists are working.

The project involving artificial vision is one of two space experiments on which Canadian scientists are working. The other is a study to determine the cause of space motion sickness and how to treat it.

The ailment, which affects many spacemen and women in the first few days of flight is similar to travel sickness. Besides being unpleasant, it can disrupt the work of space missions.

The experiments will feature on separate flights of a space shuttle in December 1985 and the spring of 1986.

The U.S. National Space and Aeronautics Administration will give a free trip on each flight to one Canadian citizen. These people will be chosen from a squad of six astronauts which the Canadian Government chose last month.

The six were among 4,300 who answered advertisements in the Canadian Press. The five men and one woman all have PhDs, three in medicine or neurobiology and the others in physics and engineering.

The astronauts are on two-year civil service contracts with the National Research Council. Dr Karl Doetsch, the head of the council's space technology programme, says that the contracts will be expanded if Canada does more work in space.

HOW TO CHOOSE A TELEPHONE SYSTEM

Switching for the best

BY GEOFFREY CHARLISH

FOR MANY years choosing a PABX (private automatic branch exchange) was easy.

If you needed fewer than 100 extensions, you went to the Post Office, now British Telecom, as that organisation had a monopoly of both supply and maintenance. Above 100 extensions there were four manufacturers — Plessey, GEC, STC and TMC — who could sell direct to the end user.

The 1981 Telecommunications Bill freed the under 100 line market and now the list includes names such as Philips, Mitel, GTE-Ferranti, Thorn Ericsson, IBM, ICL and Datapoint, not to mention BT itself.

In addition, the switching technology used in exchanges has been rapidly changing from Strowger and Crossbar electromechanical through reed switching to pure electronic.

The choice is therefore becoming increasingly difficult as the new features possible with stored program electronic exchanges have to be appreciated and at the same time prices are dropping due to intense post-liberalisation competition.

The prospect of voice and data integration adds to the difficulty, with established telecom companies and the new entrant computer companies battling for the executive's desk-top.

> Prices are dropping due to intense post-liberalisation competition.

So a report called "Buying a PABX" by Roger Camrass, who is director of telecoms studies at Butler Cox, is timely and at £40 rather good value for money. Camrass knows the subject inside out, both academically (Cambridge and MIT) and from the business angle, having been a marketing manager at Plessey.

The book deals clearly with the new extension facilities that are available, what management facilities should be looked for (such as call logging), how the various generations of PABX work, multi-site working, yardsticks for choosing a supplier and what the future has in store.

The prospects include the need to accommodate communicating word processors and microcomputers, "electronic mail," data terminals for executives who want to access computer data, and image terminals. These facilities may or may not be provided via the PABX, but the possibility is there and needs to be considered.

Buying a PABX, by Roger Camrass, published by Oyez Scientific and Technical Services, 56 Holborn Viaduct, London EC1A 2EX (01-236 4080).

Communications

Voice and data linked

ACCORDING TO a survey carried out by Strategic International, most communications managers are thinking in terms of voice and data integration as a communications growth path.

Integration has already taken place at six of the 50 sites examined and is planned at 20 more. Only 30 per cent of the managers have no interest in the idea at the moment.

Details are contained in two reports from Strategic which form parts five and six of an eight-part study dealing with the local communications environment. The study is based on a series of detailed interviews at 50 sites and focuses on the interaction between and the relative roles of the private branch exchange and local area network. The idea is to define business opportunities for the vendors of office and factory automotion systems.

The report says that whereas companies like Rolm, Northern Telecom and Intercom have "high visibility and good reputations," apparently AT&T is viewed "as not competitive, reluctantly involved with new technology and not skilled in the data area."

Another interesting finding is that customers' desires in this area are ahead of suppliers' ability to meet them. More from International Planning Information, Nordre Ringvej 201, 2600 Glostrup, Denmark.

Safety

Dust mask

A DUST filter mask, called the "Enterprise" has been developed by Siebe Gorman. The mask uses disposable one shift filter pads available from a dispenser at a point suitable for the user about to start duty. Siebe Gorman is at Avondale Way, Cwmbran, Gwent (063 33 61211).

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Challenge for Saudi Arabia

CAN the Saudi Arabian economy stay in the orbit into which its rulers have boosted it over the past *10 years?* This question is implicit in the fourth development plan covering the period 1985 to 1990, whose key features are now starting to filter out. The plan emphasises the role of the private sector: it is private entrepreneurs and private managers who must now make the running. They must justify the infrastructure put in place by the Government at a cost of some £160bn over the past decade, whose construction has itself been the mainspring of the economy up till now.

In contrast to Kuwait, Saudi Arabia has consistently elected to pour its oil income inwards upon itself rather than outwards aa foreign investment, in its efforts to store up non-oil wealth for the future. The Kingdom probably had little choice, once it had decided to keep its oil flowing, because of the immense quantities of money involved.

Transition to a less oil-orientated economy was an obvious consequence of this strategy, but the challenge has suddenly become more immediate and difficult than might have been expected. The weakness in the oil market means that the Kingdom is now earning revenue on only about 4m barrels of oil per day compared with 10m in 1980-81. The weakness in the world economy has undermined the basic industry projects which the Government set in train as the cornerstone of the country's industrial development.

Expatriates

Saudi Arabia already has a lively private sector which has developed, with substantial government encouragement, during the years of infrastructure construction. There is already a surprising breadth to the Kingdom's light industry, agriculture and private sector services. Together these account for some 56 per cent of GNP. Construction still does, however, make up about one fifth of GNP and a sizeable proportion of private sector activity is directed towards it. The Government is now proceeding cautiously in beginning new construction and basic industry projects and is said to be delaying payments to subcontractors with the result that some parts of the private sector are suffering an unaccustomed financial squeeze.

The hoped-for rise of the private sector implies other changes in Saudi Arabia, some of which appear to be reflected in the fourth plan. The first is that the Government will have to come to terms with a large number of expatriate businessmen and workers—not there temporarily for this or that project, but permanently to build businesses. It is hard to see how the industrial dreams embodied in the immense and largely empty infrastructure of the City of Jubail on the Gulf coast will ever be realised without them.

Second, a lively capital market is required to allocate the pools of Arabian wealth in a more effective way. The Government is very wary of creating a stock market because it is determined to avoid a Kuwaiti-style debacle. Part of the answer must lie in avoiding the shortage of stock relative to wealth that lay at the root of Kuwait's dizzy speculation. The fourth development plan envisages privatising the country's two largest state concerns, Petromin and the Saudi Basic Industries. Both would be practical steps in the required direction, and might usefully be followed by the floating of Saudia, the state airline, and the electricity utilities.

Disbursed wealth

Third, it is difficult to see how the Saudi Government can continue indefinitely with its current rate of payments on welfare, on subsidies and on the maintenance and operation of lavish public facilities constructed up and down the country. The private sector is being asked to emerge in an environment where the state provides to the point of excess. In Jeddah, many miles of imposing gardens are irrigated with desalinated water. In Riyadh electricity consumption soared 40 per cent last year because its price was so meaninglessly low. There are no personal or corporate taxes and few indirect taxes. Meanwhile, the Government's current spending rises remorselessly as a proportion of its total oil and investment income.

The royal family has intentionally disbursed its wealth to preserve political contentment throughout the Kingdom. It now faces the task of unwinding the expectations of its people and persuading them to provide more of the wealth they consume. This is the test that lies at the end of Saudi Arabia's chosen development strategy and it poses a greater long-term problem for Saudi rule than Islamic fundamentalism.

The spin-off from defence R and D

THE DEFENCE industry absorbs too large a proportion of the UK's research and development effort. That seems the obvious conclusion from the first annual report on British government R and D expenditure. It shows that defence is by far the biggest item, representing half the total and almost double the budget of the next biggest sub-sector, education and science.

Despite the efforts of successive governments, Labour and Conservative, since the mid-1970s, the proportion of the public-sector R and D budget spent on defence needs has continued to grow. At the same time, the proportion directed at civil industry support has fallen, although this can be explained by the rundown of major expenditure on two dominant aerospace projects—Concorde and

In the current financial year defence R and D can confidently be expected to exceed £2bn. While the managers of other major slices of the R and D cake, such as the research councils, are pleading with government for just another million or two, and while civil industry has slipped about one third in its share of the cake in the past decade, is a remorselessly rising defence R and D budget really justified?

Engineering

One point that is easily forgotten about the defence R and D budget is that most of it is spent in the UK engineering industry. Of a total outlay in 1982-83 of £1.9bn, £1.21bn was spent within private or state-owned industry. Another £122m was spent overseas. Only £533m was spent in the Ministry of Defence's own research centres—the same as was spent by the research councils.

The Cabinet Office science secretariat, which wrote the report, says two trends are apparent in defence R and D—one technical and one organisational—that will affect development patterns progressively in years to come. Currently, there is increasing emphasis on weapons systems rather than weapons platforms, and a willingness to forgo the last few per cent of weapon performance "where this adds disproportionately to the price. "Organisationally, project support work is gradually being shifted from MoD establishments into industry.

A more rounded picture of the national R and D cake should emerge with the 1984 report, expected in the autumn, which is to include not only more recent figures for government expenditure but also the expenditure of state-owned and private industry.

It can be argued that post-war Japan was fortunate in not having a large defence industry to support; its best scientists and engineers could be used in activities more directly relevant to the commercial market. At the other end of the spectrum spending on defence R and D in the U.S. has been on such a scale that it played a key role in developing new technologies; defence R and D is seen increasingly as a means of ensuring American leadership in high technology industries. The U.K. falls between these two extremes. Yet it should be possible to secure a greater commercial spin-off from defence R and D than is now the case.

Sir Robert Telford, chairman of Marconi, has suggested that the Ministry of Defence could do more to encourage its contractors to invest in advanced manufacturing technology. Economical methods for producing relatively small numbers of very high-precision parts are badly needed throughout industry and the Ministry of Defence could provide a useful fillip.

At the EEC level, defence R and D has to be seen as one of the instruments for improving industrial performance. More open competition for defence procurement throughout the EEC might help to reduce costs and narrow the gap between the requirements of the military and those of the civilian market. Nationalism in the defence industry, as in other high-technology sectors, deprives the EEC of an opportunity to strengthen its industrial base.

The fight for Singapore's underground

Chris Sherwell in Singapore describes the battle for a major contract

Singapore congestion: the problem and the solution.

BARELY A fortnight goes by in Singapore these days without another verdict being pronounced in the MRT wars—the exhausting series of battles among hungry bidders for contracts to build the tiny country's vast S$5bn Mass Rapid Transit system.

"It's really vicious," declares one banker. Says another: "The spies are swarming in the few weeks before a contract is announced."

Information is the most precious commodity around: consortia seeking a piece of the action are even forbidden to talk to the Press without the MRT Corporation's permission and the tension among the participants is tangible.

Old hands in this sort of fight are deploying all available weapons: an offer of clever financing to get round international rules on interest rates, a sudden decision to throw in free spare parts for the next 10 years, a last-minute move knocking a $0.25m off the tender price the day before a contract decision.

The fruits of victory may be sweet—they can also be life-saving. Though many other countries have plans to build metro systems, few can afford one the size of Singapore's with its 67 km of rail and 42 stations. For a successful bidder, one of the plum contracts can mean the difference between survival and shutdown, a fact which makes the battles all the more sharp.

The latest contract awarded—worth S$137.6m (£46m)—was for the supply of the signalling system, which included not only train-borne and trackside equipment but also the supply of platform screen doors which will open simultaneously with the train doors. Westinghouse Brake and Signal of the UK, part of Hawker Siddeley, edged out an Anglo-U.S. consortium led by General Railway Signal (GRS) in a battle described in more detail below.

Although the two sides turned in very similar bids, it is now generally agreed that Westinghouse achieved its success because of its better price for Phase II of the MRT project. Yet tenders for this were not even sought originally: the MRT Corporation requested them, and still retains the right to cancel Phase II.

The next important contest to be decided concerns the supply of escalators and environmental control equipment. But greatest interest focuses on the "Big One"—contract 151—for the supply of 150 motorised cars which make up the automatic trains, with options on a further 246. At a current estimate of U.S.$1m per car, this contract could be worth close to $400m.

A total of eight consortia have prequalified, none have been eliminated on technical grounds, and all eight submitted their voluminous bids by January 9 as required.

A decision is due in the second week of April, but already speculation is rife over which consortium has put in the most competitive bid, an indication of how supposedly confidential face-to-face conversations between companies and the MRT Corporation can be massaged into rumours.

The British interest is in Metro-Cammell, which has even built a mock-up in Singapore. It has teamed up with Singapore Automotive Engineering, the government-owned corporation which has made its name overhauling tanks and military vehicles.

Its competitors include a Japanese consortium of car builders led by Kawasaki Heavy Industries, a French group headed by Francorail and teamed with two State-owned Singapore corporations, and a Canadian consortium involving Bombardier.

All but Bombardier, which has a valuable New York contract, are reckoned to be desperately hungry for 151, with the French said to be best poised to offer the cheapest finance partly because of the weakness of the franc.

"We're fairly fast on our feet," says one of the bidders for what is described as a "very, very competitive contract." His consortium was ready to negotiate against the others knowing that the MRT Corporation would probably be looking principally at price. But he acknowledged that closed tenders, unlike the open system in the U.S., could make the process fraught.

The tendering process itself is complex and expensive. "We have put 20 different offers on the table," says one bidder, "in a variety of different currencies, and it has cost us about £1m and five months work just to enter the competition."

The fact that Singapore has asked for a fixed price up to 1990 puts an extra strain on the bidders. They have to juggle with different combinations of sub-contractors, trying to squeeze prices down and to offer the customer exactly the package he wants.

Those that are chosen for the final run-off, perhaps involving three short-listed companies, will be negotiating "on the run," going back to the sub-contractors for an even better deal on prices. "Its a desperate business," remarks the leader of one of the teams, "we've put everything into it, including the kitchen sink."

However, having a local partner does not help a bidder in the way that it can help companies competing for civil contracts. Tenderers for civil contracts with 30 per cent local equity participation receive a preferential margin of 5 per cent. For the electrical and mechanical contracts the need to set up new fabrication facilities in Singapore could actually add prohibitively to the contractor's tender price.

Plainly what the bankers say in relation to a bid is quite as important as the technical juggling done by engineers and executives from the prospective contractors, all of whom can invariably do the job.

The bidding companies do their utmost to offer additional options, review specifications and produce improvements through discussions with the MRT Corporation's consultants. But it is the financing package which will help keep the costs low and, with luck, allow the contractors a profit. To judge by the way tender prices come down as contractors pare costs to the bone, however, a profit is far from certain and survival more important.

For MRT Corporation this seems all to the good. From the very beginning it said clearly that technical considerations being equal, the provision of an attractive financial package—meaning the size of loans, interest rates and repayment periods—would be a "major consideration" in tender evaluation.

Inside the Corporation the man in the command room for the MRT Wars is Mr Stuart Scott. His duties as project director include the management of consultants, design development and the construction, installation and commissioning of the MRT system. He was deputy project director in the Hong Kong Mass Transit Railway Corporation.

The first contract was awarded in mid-September last year, and a ground-breaking ceremony was held in October. Since then the pace has visibly quickened and, as vanquished bidders walk away dejectedly from the Singapore battleground, the victors are thrown to work immediately.

If all goes according to plan—and in Singapore such matters are actually expected to run ahead of plan—the first trains will start operating in 1988.

How Westinghouse Signal got revenge for Hong Kong

MR RON HARRISON, commercial director of Westinghouse Signal, part of the Hawker Siddeley group, was told at 3.30 pm on January 9 that his company had won the first of the prized electrical and mechanical equipment contracts to be awarded by the Singapore Mass Rapid Transit Corporation.

The S$137.6m (£46m) contract to supply signalling equipment and platform doors (the latter to be supplied by Westinghouse Brake) was the cumination of nearly 18 months hard work.

Like all the best contests, it was touch and go until the last moment, and doubly sweet for Westinghouse Brake and Signal (WBS) in that they had avenged the loss earlier of the final signalling contract on the Hong Kong MRT to a French consortium which was similar to the one they were bidding against in Singapore.

In May 1982, the Singapore Government gave the go-ahead for a mass rapid transit system. A provisional authority was set up which invited companies worldwide to submit their proposals. Eight companies were told they had pre-qualified for the signalling equipment in January 1983—WBS, SEL (West Germany), AEG Telefunken/Siemens (West Germany), Wabco Westinghouse (U.S., and not linked to WBS), GRS (U.S.), a French consortium headed by Jeumont-Schneider, Mitsubishi / Nippon Signal (Japan), and C Itoh/Daido Signal (Japan).

WBS started preparing the ground in the spring of 1983, appointing a project manager to Singapore. The merchant bank, Schroder's, had already been appointed financial advisers to WBS on the basis of their knowledge of the Singapore market.

The companies, minus AEG which had dropped out, submitted their tenders on October 3. By the end of October, a short list of three—WBS, GRS and Jeumont-Schneider—had been drawn up. Meetings between MRT Corporation officials, consultants, and the tenderers started in November.

By this time, WBS was fielding a full commercial and technical team under Harrison's directions. The three company teams diplomatically stayed in different hotels.

Rumours were rife about the chances of each team, which was unaware officially at least of the prices submitted by its competitors—although seasoned negotiators like Harrison admit to "getting a feel on site for competitors' prices."

December was the critical month. By this time, Phase Two of the MRT had been included in the contract—and this was to prove probably the decisive factor in WBS's favour. Harrison reckons the British and Americans were "neck and neck" in price at this stage, with the French closing up towards the middle of the month.

In the week ending December 16, the last meetings on technical matters took place. On December 20, the crucial chairmen's meeting brought all three teams in with Mr Michael Fam, chairman of the MRT Corporation. Each team, with their financial advisers, were given 1½ hours, the Americans first, next the British, and finally the French. They were told to come back with their final answers by Friday, December 23.

Which tenderer dropped the price first remains one of those subtle mysteries of commercial negotiations, but certainly by that Friday, WBS had gone in with its price lowered (a margin allowing for this had almost certainly been built in to the arginal price) and an attractive financial package. Furthermore, the package extended to Phase II of the MRT, on which the Singaporeans have the option to cancel.

Final details of the financial package have still to be decided. Everybody is fairly tightlipped because they do not want the chances of Metro-Cammell, the only British company short-listed for the important cars contract to be announced in April, to be prejudiced by all the financial manipulations being laid bare.

Mr Philip Robinson, Schroder's negotiator on the WBS team, says: "The MRT Corporation was looking clearly for a package which had an element of concessionary finance which meant maximising the internationally agreed consensus terms." The British Government was asked to permit capitalisation of interest, but this would have been agreed only at higher interest rates which the MRT Corporation did not want.

Schroder's ability to finance Phase II of the project, and to permit a repayments start-up date which amounts to fairly long-term credit for the Singaporeans, undoubtedly helped to clinch the contract for WBS. At the same time, WBS's technical credentials met the Singaporeans' requirements; and in the end the contract went to the company with the lowest evaluated price—as have the other contracts on the MRT.

Harrison came home for Christmas. Between Christmas and the New Year, his project manager rang with the news that the MRT Corporation had presented him with a 230-page Consolidated Document which summarised all the communication between WBS, Schroder's and MRT since October. Each page had to be signed.

Harrison went back to Singapore on New Year's Eve, and ran through the massive document with officials on January 3. The board of the MRT Corporation met the next day, and, at least officially, there was no more contact between company and Corporation until January 9.

The final announcement that day came only a short while after WBS had won a contract to supply telecommunications equipment to New Zealand railways as part of a major electrification project—a fitting start to the new year.

Hazel Duffy

Men & Matters

Battersea's rise

When Mrs Thatcher suggested during a little play-acting recently that all the economists in the government should be abolished she was, of course, joking.

But Nico Ladenis, aged 49, has shown how it is possible to escape from the dismal art and shine anew elsewhere. He has become the first British *economist* to win two Michelin rosettes as a chef and restaurant owner.

Yesterday he was in his kitchen at Chez Nico in Battersea, South London, preparing "a little chicken and truffles" for lunch when the news was announced.

Born in East Africa of French and Greek parents, Ladenis read economics at Hull University where he was a contemporary of Roy Hattersley.

Later he worked in the oil business, and by the mid-Sixties was an economist for the Thomson Organisation. That was when, he says, he "caught the food bug." He has been cooking professionally ever since.

Ladenis is everyone's picture of a chef—plump, chuckling, bearded, and with an indefinable accent. His Chez Nico gained a first Michelin rosette within months of opening four years ago. But to have reached the status of two rosettes is a remarkable achievement. For he is self-taught apart from three-weeks in one of the great three - rosette kitchens of France. "That was with Roger Verge of Mougins where I was inspired and transformed."

Ladenis has also made a social contribution to south London by taking haute cuisine to Battersea. He encouraged the Delteil husband-and-wife team to open L'Arlequin restaurant two doors from his own. They now have one Michelin rosette.

Thus Queenstown Road can boast three rosettes in all. That score is only equalled in Britain by Upper Brook Street, Mayfair, where Le Gavroche is guarding its three rosettes rating jealously.

Australia day

Australian businessman John Reid is in London this week to promote a programme into which his Government is pouring some £110m—the country's bicentenary celebrations in 1988.

It was a Londoner, Andrew Phillip, who led the first white settlers—sailors, convicts and marines—into Sydney Harbour on January 26, 1788. And the enduring relationship with Britain will be a major theme in the celebrations.

Reid, who is chairman of John Hardie Industries and vice-chairman of Qantas Airways, heads the bicentennial authority which is stimulating national and international participation. He expects British interest to be shown in a range of activities from a possible Royal visit to arts festivals and sporting events.

With Australia's present-day population drawn from 160 different nationalities, the British link will not be the only one celebrated. Reid says: "We are encouraging everyone, the Aborigines, the Greek community, the pigeon-fanciers, to organise their own events."

It will be an occasion, Reid adds, for Australia to take stock of itself as a nation; and to leave in place some more permanent and useful memorials for future generations. A new Parliament building will be one.

But somewhere in the country, there will be some kind of festivity on all 366 days—"1989 is for washing up and paying the bills."

Dean's venture

Venture capital fund managers in the U.S. often get itchy feet—one outcome of entrepreneurs growing rich with the help of their funding.

Gordon Dean, aged 46, managing director of Electra Risk Capital, may be starting a similar trend on this side of the Atlantic.

Dean is about to announce his resignation as managing director of Electra, where he will be succeded by Michael Walton, a director of Electra Investment Trust.

Although he will remain on the board until the end of March Dean tells me that he is currently hatching plans to do something on his own in the venture capital field.

Apart from indicating that he sees great potential in persuading British pension funds to give him a small slice of their vast assets, his only comment at the moment is "watch this space."

Formerly chief accountant of Charterhouse Japhet, Dean cut his teeth at Gresham Trust, which has a notable reputation for backing unquoted companies. Since joining Electra he has enjoyed a high profile managing the two biggest funds to be set up under the Government's business start-up and business expansion schemes. He is also a leading light in the British Venture Capital Association.

"I thought that I would never do anything quasi-entrepreneurial unless I did it now," he explains. "I think that there is a tremendous opportunity to exploit the increased awareness of venture capital."

"Just half a dozen eggs and a packet of frozen sprouts *please*"

High tide

Insurance underwriters, like farmers, tend to take a gloomy view of life. To do otherwise might prompt customers to ask for reductions in their premiums.

But the mood yesterday at the Institute of London Underwriters, which represents more than 100 insurance companies operating in the marine market, bordered on the jubilant.

True, the Institute was celebrating its centenary. But it was also admitting that business may not be so bad after all. "There is a growing sense of realism in the market place," said the annual report. And after a period of rate-cutting, insurance premiums were rising.

The Institute's members work hand in glove with Lloyd's underwriters—and some of their evident delight yesterday can be traced to the departure from the Lloyd's market of Ian Posgate, former star underwriter of the Alexander Howden group.

Posgate insured the largest marine account in the world but had a habit of rocking the boat in the London market by undercutting rates. "Obviously things have improved since he left," an Institute man confided. "He nearly spoiled it for the rest of us."

Observer

TRADE AND INDUSTRY DEPARTMENT

Tebbit's new way with widgets

By John Lloyd, Industrial Editor

THE GAUNT figure of Mr Norman Tebbit is now a little removed from the public glare. As Trade and Industry Secretary, he is more importanl than ae Employment Secretary: but press and public pay greater attention to efforts to undermine militant trade unionism than to attempts to underpin ailing industry.

Norman Tebbit now has the chance, in his new department to boost Britain's sunrise industries and promote new high-tech schemes aimed at technology diffusion

The demon king image is part of history. but not of the present: Mr Tebbit's sayings, such as "on your bike" (which be did not say) and his lament that he could find no-one to mend his garden gate (which be did) are no longer broadcast. Yet he remains an innovator and a radical: and he has epproached his new task — he succeeded Mr Cecil Parkinson, bis closest political friend, in October — with characteristic zeal.

Among his first cares has been his sprawling department, pasted together after the election from the formerly independent trade and industry departments, with (uniquely outside the Treasury) two permanent secretaries, six ministers and a remit covering all of what might be termed UK Limited.

Mr Tebbit's departmental rearrangement is thus of some importance to its clients and customers, both of whom were much in his mind when he spent Christmas pondering over his changes. Besides making his department more customer-oriented, he has also sought to produce a new model entity which can be an example to those it serves as well as a milch cow (it will be less of that); and he has tried to cast it in a mould which will last, and not be easily broken by the next Government with a plan for instant success in its manifesto.

The first thing which had struck him as a newcomer, was that both trade and industry, and especially the latter, "had grown in response to lobbying as much as anything else." They were thus rather inward looking and self enclosed: his most fundamental change is to break down the demarcation between trade and industry, and let the scope of the industrial divisions be unhampered by national boundaries.

"Cecil had started the integration—what I've tried to do is put the prime responsibility for trying to make the department work within the sponsoring divisions (such as motors, telecommunications or engineering). In other words, they not only sponsor that industry, they look to its exports, to its needs in terms of regulation, of consumer protection—in every respect the prime responsibility is in the divisions."

This is complemented by what he calls "overlays": that is, the old trade side will supply common services—he instances experts on Japan—on which the divisions will all draw. The regulatory and consumer protection "overlays" will remain expressed in such bodies as the Monopolies and Mergers Commission and the Office of Fair Trading, and in the ministerial structure: Mr Alex Fletcher remains the consumers' friend and their voice within the department.

Secondly, Mr Tebbit is anxious to make his empire a well-managed one. He is in the midst of sharpening np his internal reporting structure and monitoring mechanisms, so that "if we say we are going to launch British Telecom in October, then there's a system for ensuring that it goes click-click-click along the line until we get to October and it *happens*, as opposed to getting to October and finding we didn't do something in May."

This is somewhat different from the celebrated "Minis" system installed in the equally gargantuan Environment Department by Mr Michael Heseltine when be commanded it (a slight expression of pain flickers over Mr Tebbit's face at the comparison).

"I'm not anxious to he the apocryphal French education minister who wants to know that et this point of time every child in France will be reading page 14 of a textbook on whatever. All I'm concerned with is that what we have decided will be done *is* done and that if there are deviations from that then we can see they are there early on and we can decide whether we've got an unrealisable objective or if we've got a prohlem of management in achieving it."

These changes are meant to be exemplary as well as internally efficient. "We've got lo make damn sure we're not open to criticism. If we say to people that they might profit from hetter accountancy, better anditing and so on, then I don't think we'd be taken seriously if people could turn round and say to us that we have lax and flabby management."

Third, innovation and the diffusion of new technology will be et the beart of the department's work—this being more a matter of increased emphasis than a change of tack, since ths department's work bas been moving further and further np the technology ladder over the past decade. However, it will also mean simplifying schemes and should mean weeding out the sectorally based achemes in favour of the new, high-tecb schemes aimed at technology diffusion.

"There's a process of closing down schemes as much as opening them np. There ought to he a moment when we can say—well, if anyone doesn't now know thet they need to be using these techniques or these machines then perhaps there's nothing we can do.

"In relative terms one can expect more schemes in the high tech area. I think it would be more likely wa would put our effort into that approach than into sectoral schemes. I think it's unlikely that we would produce a sectoral scbeme for the widget industry —rather that we hope the widget makers will be applying the best practices, not only technical but managerial."

Mr Tebbit will continue his predecessor's efforts to convince British industry that there is no sector from which it should evacuate because it is oldfashioned, or made by cheaper labour elsewhere. Back in his phrasemaking Employment days, be coined an unjustly obscure *mot* to the effect that "The sunrise industries are those in which the boss is in the office before it gets light."

That implies, he says, "that there's going to be a market for clothes and furniture and carpets and all the rest of it—inevitably—and the high tech industries are not abont making high tech prodncts, they're about making products which at the end of the day the consumer buys, and about making them better."

The high ambitions which Mr Tebbit may beve for himself are modestly deprecated as newspaper tattle: he is articulate on the bigh ambitions he bas for his new charge. Essentially, be sees the DTI's strength — and his, among Cabinet colleagues—as deriving from its position es the contact point between Government and industry (subsuming trade) with an unrivalled and intimate knowledge of what ie happening at lodustry's grass roots.

"The DTI is the other main economic department beside the Treasury. The Treasury started off as a Government service department, so to speak, raising cash, and came into economics from that angle. Equally this department slarted off as a sponsoring department for industries and has come into ecooomics from that, different, angle. I think both are needed in government."

This knowledge of what goes on down below does not, of course, imply control: Mr Tebbit is a hands-off man in a bands-off Government, who laughs at the thought of guiding Lord Weinstock, managing director of GEC, into new areas of endeavour (previous incumbeots bave rubbed their hands et the thonght). His job, and thet of his ministers, is the promotion of enlightenment in industry at home end the encouragement of free trade and British exports abroad.

He has had two major trips since coming to the department —to India and Saudi Arabia. In this context, be sees himself as a team player with industrialists, accommodating the wishes of overseas governments, especially in developing countries, to put commercial deals on e government-to-government footing.

He has surprised some, who see him as an instinctive nationalist, by his espousal of free trade: "Governments need a great deal of mutual support if they are to resist protectionism. We must say to people who are worried about ll ell that our experience is thal protectionism does not benefit you — its an adverse factor in the long run."

Ha toyed with the idea of renaming his monolith the Department of Commerce, but "I could not afford to change the notepaper — it savours of needless expense for a very small gain."

The Tebbit reforms, then, stop short of a revolntion: they will depend, as he etresses, on putting the right people in the right places and nltimately on the vigour of British industry itself. For those for wbom the Government is the DTI, however, the internal re-ordering should produce manifest differeoces — or the Secretary of State will wish to know why.

British Telecom's future

Why BT must have the freedom to compete

By Sir George Jefferson

THE FT editorial of January 18 and the recent Lords Second Reading debate on the privatisation of British Telecom, raised some interesting points about the nature of the plc Parliament is being asked to create.

Underlying much of this comment is the assumption that the basic task of transmitting messages—the job of the telephone network as we heve known it—must inherently always be profitable. However, many telecommunications experts now believe that while the volume of communication will rise, the impact of modern technology (which enables very large volumes of traffic to be carried et low costs) coupled with competition means that margins are likely to fall substantially with time.

In the UK, where the Government has licensed an alternative public network operator—the only country in the world, apart from the U.S., to do so—BT's prices on the currently profiteble trunk services will inevitably be driven down. Though Mercury's impact may initielly be small in volume and route presence, it will bave a significant effect on the market as a whole. For example, it is difficult to imagine customers on a trunk ronte operated only by BT accepting for long e charge significantly bigher than that on another similar route on which Mercury is competing.

That is e case of market forces at work, and must be very much the kind of effect the Government had in mind wben embarking on its competition policy. It is not necessary to replicate BT in size to expose it to genuine competitive forces.

While the development of Mercury may seem slow, it would have been unrealistic to expect otherwise, because of the nature of this long-term, high-investment business. Other decisions — on cable TV (effectively local communications networks), cellular radio, and value-added services — are going to amount to a very significant spread of competition.

The other major impact of technology, with the convergence of computing and communications and the creation of a comprehensive information-handling society, is to make it conceptually very difficult to define a telecommunications network in the terms we bave previously known. It is in "adding value" to the basic task of transmitting messages and information that the scope for future growth of profitability lies. To prevent BT from reacting to these treods and the new markets they are opening up would drive it into the positinn of defending a network of declining scope and profitability.

BT's task must be to etimulele the growth of a domestic Information Technology (IT) industry. We must facilitate access to the network on fair terms, and encourage the wido development of value added activities by companies both large and small. Here, critics of the Government's approacb to

The liberalised UK market will be more open to attack

fair competition do less than justice to the provisions of the draft BT licence. A close study of that document will reveal that BT will not be able to use its dominanl position as a network provider to compete unfairly.

Indeed, if BT's principal suppliers were to be asked to operate under provisions as onerous as those of our draft licence, I suspect that there would be cries of "foul!"

While there is real scope for entrepreneurial development of Information technology services, the UK will not gain a significant share of world markets through small companies alone. The convergence of computing and telecommunications, and the increasingly integrated nature of these services, meen that large sectors of the world markets will only be entered by those with considerahle financiel and technological resources.

While the ability of BT to compete internationally has yet to be proven, it is clearly one of the very few UK companies with the necessary expertise and resources to compete in these new markets. International competition also means meeting the multinatiooals at bome as well as abroad, since a liberalised UK market will be increasingly open to attack.

Equally, if BT is to be allowed to supply customers with the latest communications, it cannot be excluded from the supply of apparatus. Increasingly, the development of intelligent apparatus is embracing network activities. BT must be able to offer UK firms the same kind of sophisticated communications packages as are available to their overseas competitors.

The UK would be doing itself a grave disservice if BT were not to be free to compete in these new markets. Big businesses end smoll businesses should live together. Small IT businesses need e major domestic force, just as our telecommunications manufacturing industry can be greatly belped by a strong domestic base, as Lord Weinstock bas pointed out. To exclude BT from the markete being opened up by new technology would call in question its long-term ability to provide this strong domestic base, leaving the UK companles exposed to attack from the genuinely hig international companies. Even BT, large as it may seem, is only of similar size to *each* of the seven compaoies created by the divestiture of AT & T in the U.S.

British Telecom, if allowed to develop dynamically, will not only be able itself to compete in world markets; just as importantly, it will belp to creale a more robust environment in which the ability of our equipment suppliers to compete internationally will be greatly enhanced.

The success of BT's privatisation will depend on the balance of freedom and regulation. The voluminous draft licence, produced after two years of consultation with an array of interested parties—and an unprecedented amount of parliamentary debale—seems to get that balance aboul right. In the last resort, the pressures of all the interested parties—including BT—have lo be set against the need to ensure that the UK has a sound telecommunications infrastructure for the future.

The author is chairman of British Telecom.

Letters to the Editor

How to break the deadlock on Cyprus

From Mr C. Economides.

Sir,—Referring to your leading article (January 20) on "What Cyprus wants," I agree that a way should urgently be sought to reconcile both sides' "national pride" and to reverse their hitherto-"sterile policy." It seems an encouraging development that both President Kyprianou and Mr Denktash have recently made certain conciliatory proposals. These proposals, however, ought to be discussed at the table of the intercommunal talks under the auspices of the UN Secretary-General with a view to narrowing the gap between the views of the two sides. That would enable the Secretary-General to play the role of an "advisory arbitrator" by preparing his intended overall "package-deal" scheme for a compromise solution of the problem of Cyprus which to my mind should ultimately be put to separate referenda of the two communities to be held under the supervision of the UN.

The main stumbling-block at present appears to be, on the one hand, President Kyprianou's condition that before any talks are resumed, Mr Denktash should withdraw his UDI, as demanded by the Security Council's resolution 541. On the other hand, Mr Denktash argues that his UDI was inlended to expedite the finding of a solution to the problem of Cyprus and be implies that it will automatically be disbanded after sucb e solution has been found. Since, bowever, the prerequisite to finding a solution is the resumption of the intercommunal talks, the present deadlock could be broken if the Secretary-General and the Governments supporting his initiative would prevail upon both parties to resume talks after Mr Denktash has undertaken to refrain from soliciting recognition by other states of his so-called "Turkish Republic of Northern Cyprus," as long as the process of inlercommunal talks would continue.

If the resumed talks concentrate, as they should, on what joins rather than wbet separates the two communities and more particularly on their common interest to make Cyprus a peaceful and prosperous island, in the prosperity of which all its inhabitants should participate, then there would be much hope that the long-drawn-out problem of Cyprus would soon be settled and the relatious between Greece and Turkey would be normalised.

Chris Economides,
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Assisted areas and regional policy

From the Chairman, British Clothing Industry Association.

Sir,—I am grateful to Rowena Mills (January 19) for highlighting a serious flaw in present regional policy.

Regional policy has now a different aim from investment policy, the former being to create jobs in areas of high unemployment and the letter to improve the competitivity of industry generally in whatever region it is situated.

The danger is that a concentration on regional policy will be detrimental to the overall efficiency of an industry. Firms outside assisted areas risk belng doubly disadvantaged by being ineligible to receive investment and by baving their own operation undermined by misguided but well-intentioned regional investment grants. The creation of jobs in an assisted area could cause unemployment elsewhere.

Industry recognises that it has to invest both to remain commercially viable and to compete internationally and eucb aid thot Government provides for investment must be even-handed.

Norman Sussman.
6-9, Upper St Martin's Lane, WC2.

The lesson for local electors

From Mr T. Burgess

Sir,—The correspondence in your columns about "rate-cepping" has demonstrated how easy it is to undermine a free and plural society. It happens when too many people unthinkingly believe that if something is amiss "the Government should do something" or "there ought to be a law against it." This is especially disturbing when uttered by otherwise responsible people, who manage large concerns or have founded their own businesses.

The more a Government responds to these pleas, the nearer we get to the centralised hureaucratic state in which few of your correspondents actually want to live.

On rate-capping, the Government has shown it is mnddled and incompetent. The only moderation in the rating decision of Lambeth Council recently has como, not through Governmenl action, but through a campaign by ratepayers. In such a campaign business is not powerless. Chambers of commerce already influence councils. And if the employees of companies were better informed by their employers their votes might reflect their interests as employees as well as citizens. The lesson for electors and ratepayers alike is that if you want a job done properly you must do it yourself—not cry for belp from the Government.

Tyrrell Burgess.
34 Sandilands, Croydon, Surrey.

From Mr J. Skeffington

Sir,—Mr Whitfield (January 20) implies that the question of non-representation of bnsiness in relation to rates sbould be compared with the non-representation of business in relation to corporation tax or VAT. I accept that I failed to identify the reason why I raised the point ebout local represenlation; rales are to meet expendlture which is mainly for the benefit of local individuals, not businesses.

Rates and corporation tax or VAT should not be compered. Rates are en addition to business costs. Corporation tax is assessed on profits (no profits, no corporation tax) and VAT is not a business cost but is assessed on the valne of sales or services (to which VAT is then added) and is pald by the final individual customer. Customers have a vote in the election of politicians who control the level of VAT. Rates can bankrupt a company, whereas corporation tax and VAT should not.

J. C. Skeffington.
The Coach House, Upper Eashing, Godalming, Surrey.

From Mr Maurice Macmillan, Conservative MP for Surrey SW

Sir,—The chairman of Surrey County Council (January 20) asks bow many Snrrey ratepayers realise that "if the proposed rate-capping legislation goes through . . . Surrey, as well as many other prudent aulhorities, will bave to foot the bill!"

May I assure our mntual eleclorate that his point was at least registered in Parliament, when I reluctantly voted against the rate-capping plans.

Maurice Macmillan.
House of Commons, SW1.

Enterprise allowance scheme

From the Head of Special Employment Measures, Manpower Services Commission

Sir,—Though I eppreclate Mr Powell'e concern (January 18) that the enterprisa allowance scheme should belp to create successful businesses, I cannot agree that viability testing and compulsory counselling are the way to achieve this. There is always a risk in etarting a new business and it is noloriously difficult to pick winners. Nevertheless, the scheme does include a number of safeguards to ensure that applicants realise the importance of the step they are taking. For instance, part of the application process is attendance at an information eession at which the scheme is explained and advice given by small firms service counsellors. Those attending are left in no doubt about the risks involved should they decide to go ahead.

There is also a condition that applicants must be prepared to invest some of their own money in their business in order to qualify for the scheme. This is designed to test commitment and to ensure that resources are availeble to cope with the difficult early stages of the new venture.

Our experience, in both the national scheme and in tha earlier pilot schemes, suggests that those joining have been appraising their plans very sensibly, and we are most encouraged at the scheme's success in belping to realise the business potential which clearly exists among those who are unemployed.

J. B. Surr.
MSC Employment Division, Room No W808, Moorfoot, Sheffield.

Phone lines to the U.S.

From Mr D. Buckman

Sir, — I wonder bow mucb dollar-earning potential is being sacrificed by the non-availability of lelephone lines to the U.S. I'd be interested to bear if other readers bave lately found their noo-availability as frustrating as I have.

Between about 2 pm and 6 pm last week this is the number of diallings necessary to get a line: Monday 31, Tuesday 24, Wednesday 33, Thursday 40, and Friday 48. Not much fun when it requires the dialling of about a dozen digits a time aod when one is pushing a deadline. Cen nothing be done to improve on this, I wonder?

David Buckman.
Flot G, 8, Compton Road, Cononbury, N1.

FINANCIAL TIMES

Wednesday January 25 1984

Operating costs cut deeply into Apple profits

By Louisa Kehoe in San Francisco

APPLE COMPUTER yesterday reported an 87 per cent drop in operation income in the fourth quarter of 1983 although it sold more personal computers in December than in any previous month in its history.

The announcement came as Apple launched its new Macintosh computer with a blaze of publicity at its annual meeting.

The company said operating income dropped from $41.1m to $5.5m. Settlement of Apple's copyright suit against Franklin Computer brought Apple a pre-tax gain of $2.5m. Taking that and interest income into account, Apple's net income dropped 75 per cent from $22.5m to $5.8m. Sales, however, jumped by 48 per cent to $316m.

Apple attributed its plunging profits to increased development and marketing costs and price cuts on the Apple II personal computer, which accounts for an estimated 85 per cent of Apple's revenue. Apple has spent heavily on the design, manufacture and marketing of the Macintosh.

The success of Macintosh is critical for Apple. The company badly needs a new revenue generator as profits from its seven-year-old Apple II fade. IBM's announcement yesterday that it had begun volume shipments of the IBM PCjr home computer, which will compete directly with the Apple II, put further pressure upon Apple to reduce its price and margin on the Apple II.

As competition between Apple and IBM mounts, both companies appear to be waging a publicity battle. Apple plans to spend an unprecedented $50m to $60m on publicity for Macintosh, including an advertising budget of over $30m. IBM is expected to spend $40m on PCjr advertisements.

Apple is reported to have paid $800,000 for one 60-second television commercial spot during the U.S. Super Bowl football championship on Sunday.

The crucial Macintosh, Page 7

Texaco bid agreed by Getty Oil

By Terry Dodsworth in New York

TEXACO, the U.S. oil group, has cleared the principal remaining hurdle to its takeover of Getty Oil after the agreement of dissenting members in the Getty family to an increased offer for the company.

In a surprise move after hours of legal argument, Texaco has lifted its bid by $3 a share to $128 a share, valuing Getty at $10.1bn – the highest takeover price ever in the U.S.

The transaction still faces legal action from Pennzoil, the much smaller U.S. energy company that started the bidding race for Getty, as well as the potentially more serious investigation by the anti-trust authorities. Analysts expect Texaco to clear those hurdles.

Texaco's decision to sweeten its offer will cost it an additional $240m. It follows legal action brought by some members of the Getty family, who claimed that a revised bid by Pennzoil would have been more suitable for certain beneficiaries in the Getty trust.

They contended that the Texaco deal gave unfairly advantageous treatment to members of the family who currently receive only dividends from the trust at the expense of beneficiaries who will only receive a share of the assets when the trust is dividend.

A state supreme court judge in California last week prevented the Getty trust from finalising its agreement with Texaco until these issues had been aired. After the court bearings in Los Angeles, however, all members of the trust bave agreed to the new Texaco offer.

U.S. oil company results, Page 13

Hungary and EEC to negotiate trade pact

BY JOHN WYLES IN BRUSSELS

HUNGARY IS expected to start negotiations shortly with the EEC on a trade agreement which would represent a valuable prize in the development of the Community's relations with Comecon countries.

After more than a year of discreet behind-the-scenes contacts with the Hungarian authorities, the European Commission has been given the go-ahead by EEC foreign ministers to draw up a proposed negotiating mandate once Budapest has confirmed that it wishes to press ahead.

Hungary made the first overtures more than a year ago and its position still remains extremely delicate. Formal Comecon policy is to seek a comprehensive bloc-to-bloc trade deal with the EEC while the Community has stressed its preference for separate agreements with individual Comecon countries.

Until now only Romania has responded to the Community's invitation – confirmation of its maverick status within the Eastern bloc. Hungary's approaches were prompted partly by its trade deficit with the EEC – some £250m in 1982 – and a desire to exploit the advantages of its membership of the General Agreement on Tariffs and Trade (Gatt).

In particular, Budapest wants to sweep away the quantitative restrictions the EEC imposes on many of its goods. These, it argues, are frowned upon by Gatt.

Moves in this direction, coupled with some small tariff reductions, are expected to be the main feature of the negotiating position the Commission will ask foreign ministers to endorse. There is also likely to be some concession on imported Hungarian rabbits.

This is a great deal less than the agricultural gains which Hungary has been hoping to make. But with EEC farming in a state of chronic oversupply, there is little chance of the Commission's recommending better access for Hungarian beef and other products.

The prospect of trade negotiations with the EEC comes at a time when Hungary is becoming the "acceptable face of communism" for several Western governments.

Anxious to demonstrate their desire for a dialogue with the East, but not yet ready to travel to Moscow, senior politicians from Italy, Belgium and Denmark have recently bad talks in Budapest with Hungarian leaders. Mrs Margaret Thatcher, Britain's Prime Minister, will add her name to the visitors' list early next month.

Uganda and Kenya 'will need nearly $1bn in loan pledges'

BY PAUL BETTS IN PARIS AND QUENTIN PEEL IN LONDON

UGANDA and Kenya need nearly $1bn between them in aid and loan commitments for 1984, and the same in 1985, to finance their balance of payments deficits, according to World Bank calculations.

These new loan pledges will be at the centre of two meetings of Western aid donors and multilateral organisations to be held in Paris today and next week, under the chairmanship of the World Bank.

The estimated needs of the two countries are based not only on the foreign exchange content of specific aid projects, but also on the financing gap of their respective balance of payments.

The first meeting, *starting today*, will review Uganda's economic recovery programme. The programme has been revised and extended by an additional year because of the impact of the world recession and slower than expected domestic recovery.

Uganda is asking for some $199m in project finance to complete the 1983–85 programme, and an additional $729m for projects continuing in subsequent years.

The World Bank, however, *estimates that* pledges of $430m will be needed this year, and $444m in 1985, to cover the total foreign exchange requirement.

Uganda's current account deficit last year is expected to total $260m and to rise to $300m this year. These figures are based on the assumption that Uganda's coffee export quota under the International Coffee Agreement will remain at 2.3m bags this year – the same as in 1983.

In spite of Uganda's continuing difficulties, compounded by guerrilla activity in the key coffee growing area around Kampala, donors will be told that gross domestic product rose on average by 5 per cent a year over the past three years and that export volumes rose by 45 per cent from 1980 to 1983. In addition inflation has been cut from 100 per cent in 1980–81 to 30 per cent last year.

The Western aid meeting on Kenya will take place in Paris next week on January 31 and February 1. The meeting will review Kenya's new five-year economic plan, largely designed to promote a recovery in investment and development spending in the East African country.

Western officials estimate Kenya *will require* in new bilateral and multilateral loan pledges some $530m this year and another $530m next year. This compares with annual loan commitments of $470m in 1982 and 1983.

Kenya's total debts, which rose sharply from $1bn in 1978 to $2.5bn at the end of 1982, are estimated to have reached $2.8bn-$2.7bn at the end of last year.

Although the new Kenyan plan envisages commercial borrowing of only $250m for the whole five-year period, Western experts regard this estimate to be on the low side.

A more realistic figure is regarded to be $200m to $250m a year over the next two years. The same experts expect the country's debt service ratio to rise from 25 per cent last year to about 28 per cent in 1987.

Current account deficits are expected to average $550m a year in 1984 and in 1985, while the deficit for 1983 is expected to be lower than earlier estimates of about $400m.

The country's gross capital requirements during the plan's five-year period to finance projected *current account deficits are put at* about $4.6bn.

UK budget unlikely to alter tax burden

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISH budget on March 13 is likely to be neutral, at best, in its impact on the level of public-sector borrowing, Mr Nigel Lawson, Chancellor of the Exchequer, told Conservative MPs last night.

At a private meeting of the Conservative backbench Industry and Trade Committee, Mr Lawson indicated that while there would be little overall change in the tax burden there might be a series of measures in the budget which would offset each other.

His comments came just over a fortnight before the Cabinet has its traditional pre-budget discussion of Britain's economic outlook.

Mr Lawson apparently said that the overall impact of the budget would probably have to be neutral at best. Therefore, "what I am able to give away with one hand I will have to take back with another."

He apparently indicated that there was no question of a cut in the basic rate of income tax but he underlined his desire, if at all possible, to increase the bottom threshold of income tax to help the low-paid.

His remarks confirm expectations in the City of London that the budget will not alter the overall direction of fiscal policy.

Treasury officials, however, are known to be working on a series of tax options to help investment and savings. Moreover, close observers of Mr Lawson believe he will try to make the maximum political impact however neutral his overall package. They therefore expect that he will include measures to catch the eye even though they have relatively small initial cost in tax revenue.

Mr Lawson gave the MPs the impression that be was favourably disposed to suggestions that his budget should set the medium-term context for tax and expenditure, in particular that he should set out his aims in terms of the balance between personal and corporate taxation.

A number of the MPs present argued that any relief should be given mainly to industry in the form of a further cut, or the abolition of, the employers' National Insurance surcharge together with proposals to increase public-sector capital investment.

A minority of the MPs present apparently urged a concentration on the personal sector and one or two members, who share the criticisms of the Government's economic record recently voiced by the Institute of Directors, apparently argued for a cut in the basic rate. These MPs were worried about Mrs Margaret Thatcher's equivocation over the Government's ability to reduce the tax burden to below its 1979 level by the end of this parliament, which runs to mid-1988 at the latest.

Kosmos in bid for Rosshavet

By Fay Gjester in Oslo

KOSMOS, the Norwegian shipping group which also has industrial and offshore interests, is seeking to take over a Norwegian oil rig-owning company, Rosshavet. The deal would be worth at least NKr 82m ($10.4m).

Kosmos shares were suspended on the Oslo Stock Exchange last Thursday when the merger talks were first reported. The shares showed a slight price increase when trading was again permitted, on Monday, indicating that the market was in favour of a merger.

The takeover would enable Kosmos to reorganise its offshore-related activities around the nucleus of the smaller firm, which holds a 32.25 per cent stake in a drilling rig on long-term charter to Statoil.

Kosmos itself has a 51.5 per cent stake in a new accommodation platform, on long-term charter to Mobil, and a 50 per cent stake in a standby ship, Jagima, which has been chartered by Esso for service in Norway's Odin field.

Negotiations between Kosmos and Rosshavet are continuing. Neither side will disclose the terms being discussed, but Oslo sources suggest Rosshavet shareholders will be offered a share exchange.

Rosshavet's 294,000 shares, par value NKr 50, were being quoted at NKr 280 when they were suspended last week.

Distillers in bid talks for U.S. whisky distributor

By Ray Maughan in London

DISTILLERS (DCL), the leading supplier of Scotch whisky, is negotiating to buy Somerset Importers, its exclusive distributor of Johnnie Walker Red and Black Label whiskies and Tanqueray Gin in the U.S.

Somerset was acquired by Esmark, a Chicago-based conglomerate, when it paid $973m for Norton Simon, the Max Factor and Avis vehicle rental group, in July last year.

No price for the sale has been disclosed but Wood Mackenzie, the Edinburgh stock broking firm which pays particular attention to the international spirits industry, believes that Somerset's value to Esmark would be at least $300m.

Somerset produced operating profit of $44.6m in the year to June 1982 which, the stockbroking firm calculates, was worth almost 30 per cent of Norton Simon's profits in the year before acquisition. Between August and October last year Somerset made $11.5m on sales of $65.4m. Net assets are $114m.

The U.S. distributor has been handling Johnnie Walker whisky since 1933, and the trade attributes Somerset's close liaison with DCL and its detailed knowledge of the U.S. alcoholic beverage markets for the success in keeping both the Red and Black Label brands near the top of their particular sectors. Red Label, the standard brand, ranks number four in the U.S. after DCL's Dewars brand, J&B Rare, owned by Grand Metropolitan, and Cutty Sark.

In the U.S. premium whisky market, Black Label is ranked number two after Seagram's Chivas Regal.

The relationship between Charles Tanqueray, DCL's gin subsidiary, and Somerset goes back 12 years and the brand is rated second in the U.S. market for imported London gins after Beefeater.

Other brands handled by Somerset, based in New York, include DCL's Hine cognac and Pimms *ranges, Appleton Rum*, and a range of locally produced spirits which include Cabin Still and Regel Yell bourbons.

However, Johnnie Walker and Tanqueray are understood to account for the chief part of Somerset's profits, and the negotiations, which would mark the first occasion in which a major U.S. spirits distributor has been controlled by a British distiller, are seen as an increased involvement in rather than a *diversification away from DCL's principal* brands and geographic markets.

Red Label has recently been relaunched, after a six-year absence, in the UK market as DCL has attempted to arrest a decline in domestic share from 50 per cent in 1971 to just under 20 per cent last year. Other leading brands in DCL's whisky portfolio include Haig and White Horse and, in the cheaper categories, the recently introduced Claymore.

Steel import limit sought by Bethlehem

Continued from Page 1

by the reduction in EEC and Japanese steel exports to the U.S.

More worrying to the U.S., however, is the fact that Third World producers have been placing the domestic pricing structure under pressure and so tending to undermine the U.S. industry's efforts to increase profits by curbing costs and cutting capacity.

Late last year, several leading steel manufacturers, led by U.S. Steel, filed anti-dumping and countervailing duty cases against several Third World exporters.

The steel industry is also supporting legislation introduced in to the Congress, which also calls for a 15 per cent limit to the market share of imports.

Imports have been accounting for a fifth of the market. The looming battle over the steel quota bill in Congress is widely seen as a critical test of the strength of protectionist sentiment in the U.S. in this election year.

The industry is aware that with some $6bn losses behind it in the past two years and with signs of a recovery in profits ahead, the run-up to the election might provide it with the best chance to pressure the Reagan Administration into acting to curb Third World imports.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	10	50	Dubrovnik	R	10	50	Malaga	F	18	64	Salzburg	C	4	39
Alcotari	F	18	64	Faro	F	17	63	Malta	F	17	63	Seoul	Sn	-2	28
Algiers	-	—	—	Florence	F	13	55	Manila	S	29	84	Singapore	D	31	88
Amsterdam	Sl	1	34	Frankfurt	R	2	36	Miami	C	24	75	Stockholm	S	-4	25
Athens	C	14	57	Funchal	C	18	61	Milan	S	7	45	Strasbourg	F	4	39
Bahrain	S	19	66	Geneva	Sn	3	37	Moscow	C	1	34	Sydney	S	26	79
Bangkok	S	30	86	Gibraltar	F	18	61	Munich	C	2	36	Taipei	C	19	66
Barcelona	S	14	57	Guernsey	F	7	45	Nairobi	C	27	81	Tangier	S	16	61
Beirut	S	19	66	Helsinki	Sn	-12	10	Naples	F	13	55	Tehran	-	—	—
Belgrade	C	8	46	H. Kong	C	15	55	New Delhi	C	20	68	Tel Aviv	F	18	64
Berlin	S	4	39	Innsbruck	C	1	34	New York	S	2	36	Tenerife	C	18	64
Biarritz	R	8	48	Inverness	S	-4	25	Nice	S	11	52	Tokyo	S	6	43
Blackpool	F	2	36	Istanbul	F	12	54	Oporto	F	12	54	Toronto	C	-2	28
Bordeaux	R	6	43	Jersey	F	6	43	Oslo	F	-10	14	Tunis	F	14	57
Brussels	Sl	1	34	Jo'burg	S	26	79	Paris	C	3	37	Valencia	S	17	63
Budapest	Sn	-2	28	Las Palmas	C	18	64	Prague	C	2	36	Venice	S	2	36
B. Aires	S	29	84	Lima	S	26	79	Reykjavik	Sn	-2	28	Vienna	Sn	-2	28
Cairo	S	20	68	Lisbon	S	14	57	Rio de J'o	C	36	86	Warsaw	S	0	32
Cape Town	S	25	77	Locarno	S	5	41	Rome	F	13	55	Zurich	Sn	1	34
Caracas	C	29	84	London	C	3	37								
Casablanca	C	17	63	Los Angeles	S	22	72								
Copenhagen	Sn	0	32	Luxembourg	C	0	32								
Corfu	C	11	52	Madrid	S	10	50								
Dublin	S	3	37	Majorca	S	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Paris investment drive

Continued from Page 1

40 per cent of industrial prices in France had already been liberalised.

In sharp contrast to his fierce attack against the U.S. dollar and Washington monetary policies, M Delors told the U.S. businessmen he favoured the relaxation of French foreign exchange controls in the short term.

He qualified his remarks by saying he also wanted to *see the role of* the European currency unit (Ecu) strengthened and a European monetary "pole" set up as an alternative to the dollar.

Only a week ago, M Delors bitterly attacked the U.S., calling Washington "egocentric" for refusing to change its monetary and budgetary policy to halt the dollar's rise. He also suggested imposing penalties to halt capital outflows towards the U.S., although a few days later he indicated, in private, that the suggestion was largely designed "to shock" and stimulate debate on the dollar issue.

U.S. businessmen yesterday noted the conciliatory approach of M Delors and other senior government officials towards the U.S. As one businessmen put it, the French Government appears increasingly serious in its efforts to encourage foreign investment.

THE LEX COLUMN

The billion-dollar shell company

A quoted minority in a subsidiary company is, from a parent's viewpoint, an irksome constraint on financial and commercial freedom and it normally comes as little surprise when the parent opts to buy out its equity partners.

Yet in the rarefied world inhabited by international oil companies such mopping-up operations can come expensive, and it is fair to assume Royal Dutch/Shell has been motivated by more than a concern for tidiness in its offer to purchase the 30 per cent minority in Shell Oil for $5.2bn.

Shell has evidently timed and pitched its offer with considerable care.

The company has tried to deflect accusations that it is operating as an insider by bringing out the offer immediately after reporting a significant Shell Oil find in the Beaufort Sea. The $55 per share offer represents a premium of 25 per cent over Monday night's closing price, roughly in line with the premium offered by Pennzoil in its partial tender offer for Getty Oil.

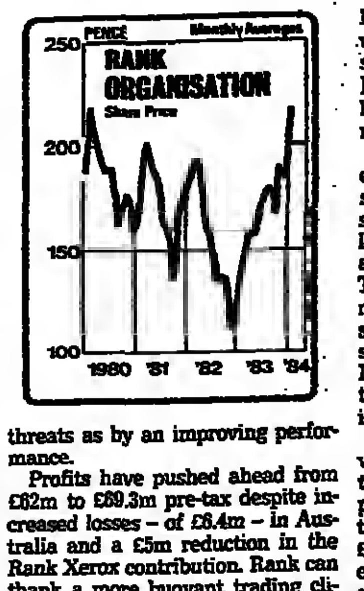
Moreover, the valuation placed by the parent on Shell Oil's assets seems not too far distant from the current going price. After stripping out the refining and marketing operations at an average earnings multiple, Shell seems to be offering about $4 for each barrel of oil in the ground.

Yet, in order to capture the whole of a minority, parent companies generally have to offer a premium over what would be expected in a normal takeover, and the impact of this deal on Shell's earnings will provide Wall Street with ammunition with which to try to push the price higher.

Assuming Shell Oil earnings of $1.8bn this year, the parent would *cover its financing costs* with perhaps £30m to spare before allowing for any additional tax benefit from the dollar debt.

Rank Organisation

The Rank Organisation's new top management has not been in place long enough to make much of an impact on the non-Xerox interests but at least it has broken with the time-honoured tradition of dumbfounding the market with its preliminary statement. Yesterday the share price jumped 13p to 218p thanks only to a dividend increase motivated as much by lingering bid



threats as by an improving performance.

Profits have pushed ahead from £82m to £89.3m pre-tax despite increased losses – of £6.4m – in Australia and a £5m reduction in the Rank Xerox contribution. Rank can thank a more buoyant trading climate for much of the improvement in profits elsewhere but, for those who doubt whether the company will ever change its spots, the encouraging items are a £9m drop in interest charges and a £23.4m below-the-line write-off.

Average borrowings fell by £40m during the year and several of the disposals and closures reflected in the extraordinary charge will throw up cash this year. So far, however, Rank has been pruning only the most obviously rotten branches. The market has yet to see much evidence of any new strategic direction. Profits of about £95m pre-tax look on the cards this year and the yield is a respectable 8.7 per cent, so most shareholders will presumably keep their patience for a while yet.

Distillers

The Distillers Company's plan to buy one of its major U.S. distributors marks a second strategic move within the space of four months – following up a reorganisation of the group's UK marketing operations now under way – so the evidence begins to mount of life in the DCL boardroom.

More than one of its time-honoured distributor relationships have begun to look a little curious in recent years: Gordon's gin, for example, is distributed in Canada by the subsidiary of a leading competitor. The prospective purchase of Somerset Importers from Esmark looks happily timed and will give DCL a much heavier exposure to Johnnie Walker, one of DCL's most consistently successful brands with aggressive advertising now budgeted at £30m a year.

It will also mean, though, a greater commitment for DCL to the U.S. spirits market where volume trends still appear to be heading remorselessly downwards in every sector after a disappointing Christmas. The group has just had to hire new marketing staff as part of its reshaping in the UK, and there is absolutely no reason to suppose that DCL's ownership will add anything to Somerset's existing U.S. marketing muscle.

This will increase the risks involved in DCL's traditional distribution strategy. The immediate compensation ought to be additional trading profits in the region of £30m, which is roughly what Somerset contributed to Norton Simon's operating profits before the Esmark deal. As it happens, this looks about the size of the hole which DCL is now expecting in its 1983-84 pre-tax profits as a result of the collapse of its Third World markets. The deal will make more difference to DCL's balance sheet, which has emerged from a five-year stagnation of the group's business with a net cash position. The shares closed up 9p at 262p, *not far short of the peak* reached after the heavy buying earlier this month.

Pleasurama/AL

Pleasurama's decision to bid for Associated Leisure shows a realistic response to the lack of casinos on the market. But it has plainly not decided to go for bricks and mortar instead; for Associated, like Pleasurama itself, is more noted for *strength of cash flow than for asset backing.*

This could be a problem; both companies are sturdy contributors to the Revenue, with little capital expenditure to lend off the taxman. But then, Associated has four hotels, and slender experience of the market, while Pleasurama has on its board an ex-director of Grand Met. Perhaps it will come to bricks and mortar after all.

The terms look certain to be a mixture of cash and shares, with Pleasurama probably having more in its coffers now than the £17m at the last balance-sheet date. As to the bid price, a figure of £65m looks likely enough.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday January 25 1984

Higher North Sea output lifts Exxon profits 19%

BY TERRY DODSWORTH IN NEW YORK

EXXON, the world's largest oil company, achieved a 19 per cent increase inprofits last year as it benefited from higher North Sea crude production and substantial streamlining of its operations.

Net profits amounted to $4.99bn, or $5.79 a share, against $4.19bn, or $4.82 a share in 1982. The fourth quarter figures showed a gain of only 10 per cent from $1.48bn, or $1.71 a share, to $1.63bn, or $1.91 a share, but this was partly due to comparison with a period when Exxon began to show the profits recovery that has been running ever since.

In addition, the company gained only about half as much last year from inventory profits under the last in-first out (Lifo) accounting system. These gains came to $550m in 1983 against $1.09bn in the previous year.

Mr C. C. Garvin, Exxon's chairman, said that during the year both energy conservation and the substitution of non-oil fuels had continued to exert downward pressure on prices in the industry. Market demand, however, had "improved from the severely depressed and unsettled situation a year ago."

Exxon, he added, had put increasing emphasis on improvements in efficiency and productivity. "Workforce reductions, shutdowns of excess capacity, disposal of unneeded tankers, and other streamlining and rationalisation steps had, and will continue to have, a favourable impact on earnings."

Sales revenues last year fell from $103.6bn to $94.50bn, while capital and exploration expenditure was down by 20.3 per cent to $9.1bn.

Exploration and production earnings were virtually flat in the U.S. but overseas they rose strongly from $1.56bn in 1982 to $2.22bn, mainly due to a 117,000 barrels per day increase in crude oil production volume, to 777,000 barrels per day.

Refining and marketing earnings showed only a small gain both, in the U.S. and overseas.

● Standard Oil Company Indiana, ranked as the sixth largest U.S. oil company, saw a significant jump in profitability in the fourth quarter of last year, although earnings increased by only 2 per cent for the full 12 months.

Net profits amounted to $1.87bn, or $6.39 a share, against $1.83, or $6.25 a share in 1982. Inventory profits last year were slightly down at $103m against $110m in the previous year.

In the fourth quarter, however, earnings rose by 11 per cent to $459m, or $1.57 a share, while sales remained almost unchanged at $7.4bn.

Mr Richard Morrow, chairman, attributed the higher fourth quarter earnings to greater foreign liquids production, improved refined products margins, and higher income from chemicals operations, which continued to benefit from recovery in the U.S. Lower profits from domestic explorations and production partially offset these increases.

Standard Oil Indiana, which trades under the Amoco label, is the fourth largest refiner in the U.S. In the fourth quarter, its refinery activities increased their earnings by $35m to $42m, due largely to higher domestic refined product margins and greater utilisation of capacity.

● Atlantic Richfield (ARCO), the integrated oil group with major reserves in Alaska, has announced an increase in quarterly dividend despite a fall in earnings last year. The quarterly payment is lifted from 60 cents to 75 cents a share.

In the final quarter, net earnings fell from $434m or $1.70 a share to $419m or $1.62, with sales also lower at $6.7bn against $7.1bn.

For the full year, Arco recorded a 7.7 per cent fall in net earnings to $1.5bn or $6.03 a share on a $1bn drop in sales to $28bn.

● Earnings have declined at Ashland Oil, one of the biggest independent U.S. refiners. First quarter profits for fiscal 1983-84 amounted to $27.2m or 66 cents a share against $29.1m or 75 cents a share, on unchanged revenues of $2.1bn.

The latest quarter includes gains of $6.5m on sales of Australian and Malaysian carbon black interests and $8.3m from favourable reserve adjustments.

Earnings for the full year ended last September totalled $102.8m or $2.23 a share against $180.9m or $5.29 a share previously.

Baldwin charge hits Merrill Lynch

By Our New York Staff

MERRILL LYNCH, the Wall Street investment firm, has revealed a surprise $42m fourth-quarter operating loss and a 25 per cent decline in full year earnings. This is the direct result of huge charges incurred as part of a plan to help its customers who purchased single premium deferred annuity contracts issued by a subsidiary of financially troubled Baldwin United.

After non-recurring charges of $112m in the fourth quarter ($60m after tax) the net loss was $42m or 47 cents a share compared to record earnings of $142m or $1.74 a share in the corresponding 1982 period. Excluding the special charge, earnings in the final three months would have been $18m or 21 cents a share.

Aside from the special charges in the fourth quarter and full year related to the Baldwin policyholders' plan, Merrill said the total charges also include $66m ($35m after tax), in the year and $24m ($12m after tax) in the quarter to provide reserves for obligations owed by Baldwin United units to Merrill.

Merrill, the first of the major Wall Street firms to announce its 1983 results, said it had net earnings last year of $230m or $2.68 a share, compared with $308m or $3.79 a share, compared with $308m or $3.79 a share. The full year earnings include pre-tax charges totalling $153.5m, mainly from its proposed plan to aid Baldwin United policyholders. Excluding these charges, equivalent to $83m after tax, Merrill said earnings last year would have been $313m.

Revenues increased to $5.7bn from $5bn for the year with the fourth quarter contribution $1.4bn against $1.6bn.

New orbits for Euromarket stars

Peter Montagnon examines the ambitions of Merrill Lynch, now reinforced by 10 defectors from Credit Suisse First Boston – and the contrasts between the two investment houses.

NO ONE who has cast even a cursory glance at the Euromarket this year could fail to spot its growing similarity to Alice in Wonderland's Mad Hatter's Tea Party, where guests move around the table each time a bell rings.

The make-believe has been reinforced this week by Monday's resignation of 10 key members of the staff from Credit Suisse First Boston (CSFB) to join Merrill Lynch. But on the very same day European Banking Group announced the departure of Mr Jerry Goldstein, its capital markets chief, following policy disagreements with the board.

And 1984 has already also seen another of the Eurobond market's star players, Mr Joan Beck, switch from Morgan Stanley to CSFB, while late last year Mr David Craig and three other senior executives left Morgan Guaranty to set up business on their own.

It is all too easy to assume that the Euromarket is simply playing its own version of the Mad Hatter's Tea Party with what the City of London quaintly calls a telephone number (a six digit salary). Yet the notoriously high pay commanded by top players in the market are only part of the story. Bonds have enjoyed two boom years. Last year new international issues totalled $73bn compared with only $64bn for syndicated bank loans.

As international bank lending has declined, new opportunities have been created in issuing and dealing in such securities as certificates of deposit and floating rate notes, which the Euromarket, with its traditional entrepreneurial flair, has been quick to exploit.

Put simply, success has made the market restive. Some top executives, despite their large bonuses, feel constrained by the fact that they are still salaried employees of large houses. If they went into business on their own, they feel their annual earnings capacity could rise from six figures to seven.

As the bond markets have come more and more into the limelight, rich private investors and institutions have also felt willing to step in with the necessary capital. It is a configuration which many bankers believe could lead to a proliferation of "boutiques" – small independent operations vying with the major houses for specialist niches in the securities business, as has been happening for some years on Wall Street.

The CSFB defections smack, however, of something different. Ten people are leaving one firm to join another large, established operation, with all the potential bureaucracy and power politics that it involves. Their decision says much about the contrasting hothouse atmosphere of CSFB and the more measured approach of Merrill Lynch.

Merrill Lynch has made no secret of its ambitions to become a worldwide financial services company. Last year it ranked third in the issue of new Eurobonds, launching just over $2bn worth of new paper. Yet this was still way behind the two market leaders, CSFB with nearly $8bn and Deutsche Bank with nearly $8bn. "I would hope that these gentlemen would help us to close the gap over the course of the next several years," said Mr Don Roth, chairman of Merrill Lynch Europe.

In other words, Merrill has no ambitions to topple CSFB from its top position as an issuer of Eurobonds this year or next. Its strategy is longer term, based on its size, solidity, worldwide reach and the diversity of its products. In that sort of organisation there is not much room for stars and team effort is more important.

Mr Michael Dobbs-Higginson, one of those leaving CSFB, acknowledges that this could become important for any investment house which wants to keep a long-term hold on bigger business opportunities.

If that is true, Merrill Lynch as a large organisation has considerable advantages over CSFB, which has done more than most investment houses to foster the individualistic superstar image of Euromarket bankers.

It will take some time before the market can tell whether CSFB's remaining stars can step in to fill the gap or whether it now finds itself uncomfortably perched between the boutiques and the thundering herd.

Bull benefits through shake-up with 50% annual deficit cut

BY DAVID MARSH AND GUY DE JONQUIERES IN PARIS

BULL, the French state-owned computer group, reduced its losses last year by about half from the 1982 group loss of FFr 1.35bn ($150m), according to M Jacques Stern, the company's chairman.

He said administrative shake-ups and technical restructuring brought into effect over the last year had "profoundly modified the performance of the company" and he was "reasonably optimistic" about the future after the company's long-running string of losses.

With roughly a 20 per cent increase in group turnover last year from 1982's FFr 8.13bn, Bull had recaptured credibility among customers and employees in France and abroad, M Stern said.

However, he warned that, as the company has said in the past, Bull would still probably not be out of the red until 1986.

Apart from reorganising its operating divisions – now split into separate profit centres grouping its different computer ranges, peripherals and terminal equipment – Bull also profited from FFr 1.5bn of capital injections from the state last year. This allowed the company to reduce its debt servicing charges from the previous crippling level of 10 per cent to around 7 or 8 per cent of turnover in 1983, M Stern said.

The aim eventually, through successive capital aid from the state, was to rectify Bull's under-capitalised financial position and reduce debt charges to 4 per cent of turnover by 1986, M Stern said.

M Stern, commenting on the recent burst of international link-ups between companies in the computer and telecommunications fields, made clear that Bull was in no hurry to forge such links itself.

Bull already has co-operation accords with the U.S. computer groups Honeywell (even though its stake in Bull has been reduced from its previous 20 per cent to about 8 per cent under Bull's latest capital increase), Convergent Technologies and Trilogy Corporation.

He said the ground was making "contacts" with telecommunications companies with a view to developing products in the integrated telecommunications/office automation field in the second part of the 1980s.

MBK forms Japanese import link

By Our Paris Staff

MBK Industries, the new French company which has taken over the assets of the bankrupt French moped maker Motobécane, plans to import 2,500 scooters made by the Japanese motorcycle group Yamaha this year.

M Guy Blanc, the new company's president, said French equipment would be built progressively into the machines, making up 30 per cent of the scooters in 1985 and 50 per cent by 1988.

Yamaha took a 10 per cent stake in MBK at the end of last year as part of the plan to revive the old Motobécane company. A further 30 per cent is held by the Brazilian cycle group, Calol Monarch.

Fiat sees brighter prospects

BY JAMES BUXTON IN ROME

THE FIAT group, boosted by the fact that its car subsidiary, Fiat Auto, last year made a modest profit for the first time since becoming a separate company, yesterday presented the most cheerful picture of its prospects for several years.

Sig Giovanni Agnelli, the chairman, said in a letter to shareholders of Fiat SpA the company had arrived at the start of a gradual international economic recovery "with its papers in order."

In comparison with the losses, low productivity and internal strife from which the company was suffering at the end of the 1970s, Sig Agnelli cited the revived Fiat's reduced debt, lower break-even point, increased productivity, renewed product range and better industrial relations.

Group turnover was L21,243bn ($12.5bn), a rise of only 3 per cent compared with the 1983 Italian inflation rate of 15 per cent. In many sectors, turnover fell.

About 53 per cent of Fiat's sales were accounted for by Fiat Auto, which, as widely forecast, made a profit last year. Though no figure was given, it is understood to be between L50bn and L60bn, compared with a loss of L80bn in 1982. Sales were up 8 per cent at L11,307bn and the number of cars produced was 1.212m, up 7 per cent on 1982.

The turnround in Fiat Auto, which had not made a profit since it became a separate company in 1979, is due to factors which include labour force reductions, increased automation, the success of new cars such as the Fiat Uno, and the sharp reduction of Fiat's presence in South America.

Cars of the Fiat group increased their share of the Italian market by 4 per cent to 55.4 per cent in 1983. Fiat claims to have retained its position as the highest selling company in Europe, with 12.8 per cent of the market even though sales of the Uno did not start there until the second half of the year.

Fiat's industrial vehicles division, headed by Iveco, produced negative results, however, with sales down 10 per cent at L4,483bn. The market, both inside and outside Europe, was generally depressed except in West Germany and Britain. In Italy the number of vehicles sold fell 15 per cent.

Amex dips for first time in 35 years

By Our New York Staff

AMERICAN EXPRESS, the diversified U.S. financial services group, has, as expected, incurred a fourth-quarter loss and its first full year earnings decline for 35 years because of serious problems at its Fireman's Fund insurance subsidiary.

The group, which stunned Wall Street last month when it revealed the extent of the problems at Fireman's Fund and said it was adding $230m to the insurance unit's reserves in the fourth quarter because of an increase in the frequency and severity of claims, said that it had a loss of $21.9m in the fourth quarter compared with net income of $156.3m or 81 cents a share in the same period in 1982. Revenues for the period increased to $2.53bn from $2.25bn.

The poor final quarter resulted in an 11.4 per cent decline in full year earnings to $514.7m or $2.53 a share from $581.1m or $3.02 a share on revenues up from $8.09bn to $9.77bn.

Japan bid for Dunlop France

BY OUR PARIS STAFF

SUMITOMO Rubber, the Japanese tyre group, has proposed to the Paris Government taking over practically all the French activities of Britain's Dunlop rubber company.

The proposition, put to the French authorities at a top-level meeting with Sumitomo officials on Monday, will be studied in Paris over the next few days, and another session with Sumitomo to discuss the plan will take place at the beginning of February, according to officials in Paris.

The French Government is stressing that no decision has yet been made on the fate of the Dunlop subsidiary, which filed for bankruptcy in October but has continued production during the last few months thanks to a stop-gap financing accord with the banks.

However, Sumitomo is now the only possible bidder willing to take over Dunlop's French activities without closing down substantial parts of the company's manufacturing operations. Firestone of the U.S. and Pirelli of Italy have also put forward bids to the Government's so-called "lame duck" committee, Ciri, which handles cases of companies in distress, to take over part of Dunlop France's business. But since these companies are interested only in taking over the relatively profitable Amiens plant, the Government is not taking their bids any further.

Sumitomo in October already agreed to take over Dunlop's British and German tyre activities, effectively cutting Dunlop France loose from the rest of the group. Since then, French officials hope that Sumitomo has been persuaded that Dunlop France is an integral part of the whole European network.

Ciri officials say that Sumitomo has put forward a "global proposition" for taking over all Dunlop's activities apart from wheel-manufacturing and heavy duty tyres based at its Montlucon factory in central France.

Redundancies among Dunlop's 5,800 French workforce would certainly be involved, and one of the smaller of Dunlop's five French plants might have to be closed.

Motorola 37% ahead

By Our New York Staff

MOTOROLA, the U.S. electronics group, increased net earnings in 1983 by 37 per cent.

Net earnings totalled $244m or $6.26 a share compared with $170m or $4.64 in 1982 an $8m fourth quarter extraordinary gain made a final net in 1982 of $178m or $4.87).

Net earnings in the final quarter were $95m or $2.42 a share, compared with $63m or $1.69. Sales rose by 27 per cent to $1.27bn from $995m.

● IBM, the world's largest computer manufacturer, said yesterday that it had started volume shipments of its IBM PCjr home computer.

IBM unveiled the PCjr on November 1 and said at that time that it would go on sale during the first quarter of this year.

Union Carbide plunges into the red

By Our Financial Staff

UNION CARBIDE, the diversified U.S. group with large stakes in chemicals and plastics, industrial gases and related products, has incurred a fourth quarter loss of $111m after write-offs relating to petrochemical plant closures and stock write-downs. This compares with net earnings of $20.2m or 42 cents a share.

Net earnings for the whole of 1983 totalled $79.2m or $1.13 a share against $309.7m or $4.47 a share in 1982.

Sales for 1983 totalled $9bn against $9.08bn previously, with the fourth quarter contributing $2.35bn against $2.28bn previously.

Mousanto, the major U.S. chemical group, lifted net profits 53 per cent in the final quarter to finish 1983 ahead at $402m from $352m, or at $9.78 from $8.79 a share.

Fourth quarter earnings reached $72m, or $1.75 a share, against $47m, or $1.12 last time, when a $23m extraordinary gain was included. Sales for the three months were up from $1.47bn to $1.65bn leaving turnover for the year unchanged at $6.3bn.

The 12-month figures took in a $33m tax credit and were after a $19m charge for businesses shut down or sold.

Steady growth for U.S. paper group

BY OUR NEW YORK STAFF

ST REGIS, the U.S. paper group, forecast a continuing improvement in the U.S. paper industry yesterday after reporting a 23 per cent growth in net earnings last year to $55.2m against $45m in 1982.

Comparisons between the two years were complicated by a number of exceptional factors, including a lower provision for asset divestiture last year, when these charges amounted to only $15m against $50m in 1982.

The lower provisions, however, were balanced by a higher tax charge last year, and a benefit of only $11m from the sale of tax benefits, compared with $28m in the previous year.

Mr William Haselton, chairman, said that the company expected further market growth and higher prices in the current 12 months, without any appreciable increase in inflation or interest rates to undermine results.

Mead Corporation, the forest products and electronic publishing company, also announced a substantial turnround in 1983, with net earnings emerging at $42.6m against a net loss of $85.8m in 1982.

These figures included an extraoridinary gain of $5.4m last year from divestments and debt for equity swaps, while in the previous year the company was hit by a $24.8m charge against profits for divestments and settlement of an anti-trust suit.

Consolidated-Bathurst, the Canadian forest products group, will soon spin off part of its packaging businesses in North American through a public issue of stock. This will give Consolidated access to new equity capital.

CB PAK, a Montreal-based packaging holding company, is being formed to take over Domglas, a major glass container firm, Twinpak, a large plastic container company – both with national operations – and Consolidated's investments in the jointly-owned Libbey-St Clair and Diamond-Bathurst. The sales of these companies total several hundred million dollars yearly, and all are profitable.

Crown Zellerbach, one of North America's largest paper producers, also staged a sharp recovery, with fourth quarter earnings of $25.1m or 77 cents a share bringing the 1983 total to $87.8m or $2.54 a share. The final quarter of 1982 produced a loss of $146.4m, making a yearly deficit of $713.8m or $5.66 a share.

Bancorp results slide as loan losses mount

BY OUR NEW YORK STAFF

EUROPEAN AMERICAN Bancorp (EAB), the U.S. banking group which is owned by six major European banks, has reported a sharp 37 per cent decline in 1983 net earnings and a $6.9m net loss in the fourth quarter because of significantly higher loan losses, write-offs and non-recurring charges.

EAB also revealed that the six European banks which own the New York banking group has also injected a further $20 in equity into the bank and agreed to convert a $25m floating rate note due in 1985 to permanent equity capital at maturity.

The banking group reported that net income last year fell to $19.23m from $30.42m in 1982.

Mr Nicholas Sica, EAB's president and acting chief executive said, "the decline in 1983 earnings was due to several factors. The most important was an increase in the provision for loan losses in the fourth quarter." This, he added, was made necessary by a significant increase in loan write-offs covering several areas of the loan portfolio.

"Also in the fourth quarter various non-recurring charges totalled $11.08m, including a charge-off of $8.35m related to systems development in the automation area," he said.

As a result of these higher provisions and charge-offs EAB reported a net loss of $6.89m in the fourth quarter compared to net income of $7.73m in the 1982 quarter.

EAB's loan problems first came to light at the end of 1982 when the bank reported that its non-performing loans had more than tripled to $297.7m. At the end of last year the bank's non-performing loans stood at $222m, a $25.7m reduction.

In the fourth quarter EAB's net charge-offs tripled to $34.4m from $10.8m in the 1982 period and its provision for possible loan losses jumped to $33.3m from $17.3m in the 1982 period.

Merck reports fourth-quarter income rise

By Our New York Staff

MERCK, a leading U.S. pharmaceuticals group, yesterday reported higher fourth quarter and full year net earnings and sales, but highlighted the adverse impact of the strong U.S. dollar on its performance.

The drugs group, which has extensive overseas operations and last year acquired majority stakes in two Japanese pharmaceutical companies as part of a push into the Japanese market, said it had net earnings in the fourth quarter of $104.8m or $1.42 a share on sales of $855.8m compared to net earnings of $99.5m or $1.34 a share on sales of $791.4m in the same quarter in 1982.

The fourth quarter earnings, which were marginally lower than some analysts had expected, lifted the group's full year earnings to $450.9m or $6.10 a share compared to $415.1m or $5.61 a share in the previous year. Sales increased to $3.25bn from $3.06bn.

● Becton Dickinson, a major U.S. medical equipment manufacturer, yesterday reported significantly lower fiscal first quarter results, but said its results were better than expected

It said net earnings in the first quarter, ending December 31, fell to $12.25m or 58 cents a share from $17.63m or 83 cents a share on sales which remained flat at $256.2m compared to $255.9m.

Eaton begins disposal of fork-lift business

BY IAN RODGER IN LONDON

EATON CORPORATION, the large U.S. capital goods manufacturer, has completed the first stage of the hiving-off of its fork-lift truck business with the formation of Yale Materials Handling Corporation.

Eaton announced a year ago that it would dispose of its lift truck business and absorbed a $205m extraordinary charge in its 1982 accounts, most of it arising from this business.

Yale Materials Handling began operations on January 1. So far, 31 per cent of the shares have been sold to outside investors and 10 per cent to two employee share ownership plans.

Eaton intends to reduce its 59 per cent stake to 19 per cent by the end of 1984 through a public share offering. But this will not be attempted until Yale has reported financial results for the first two quarters.

Mr Reginald Eklund, president of Yale, said that although the lift truck industry was mature, price sensitive and overcrowded with competition, "if you have the right combination you can make money."

Among the outside investors in Yala are Sumitomo Heavy Industries of Japan and Jungheinrich, the West German materials handling equipment manufacturer. Sumitomo has been in a joint venture with Yale for 13 years and supplies it with internal combustion engine lift trucks for distribution in North America and Europe.

● Eaton has announced that an agreement in principle has been reached with Allied Corporation. Eaton will acquire the assets and businesses of Bunker Ramo Electronic Systems Division, with the exception of the division's anti-submarine warfare products.

The transaction, which is subject to the approval of the two boards is expected to be completed by the spring.

Aardal expects $19m earnings

By Fay Gjester in Oslo

AARDAL og Sunndal Verk, Norway's state-owned aluminium group, foresees a profit of about NKr 150m ($19.1m) for 1983, compared with its record deficit in 1982 of NKr 545.5m. The turnround reflects the marked improvement last year in world aluminium prices.

Another Norwegian aluminium producer, Sør-Norge Aluminium, also reports a return to profit last year, after making a NKr 15m deficit in 1982. The company, which operates a 65,000 tonnes per year smelter at Husnes, West Norway, expects its 1983 accounts to show a profit of between NKr 95m and NKr 100m.

Control Data struggles to lift performance

BY OUR NEW YORK STAFF

CONTROL DATA, the U.S. computer and financial services group, which has been struggling to regain earnings momentum, yesterday reported slightly higher fourth-quarter and full-year earnings, but said that higher pre-tax earnings from computer-related businesses had been offset by a decline in financial services earnings.

The Minneapolis-based company said that net earnings in 1983 increased to $161.7m or $4.20 a share from $155.1m or $4.11 a share in 1982 on revenues up from $4.3bn to $4.6bn.

However, Control Data said the earnings improvement stemmed mainly from an improved tax provision rate, which more than offset a decline in pre-tax earnings for the year. They fell from $229.3m to $213.6m.

In the fourth quarter, the company said it had net earnings of $43.7m or $1.26 a share on revenues of $1.25bn compared to $43.8m or $1.16 a share on revenues of $1.17bn in the 1982 final quarter.

During the year, the company, which ranks about fourth in the U.S. information processing industry, said computer systems shipments reached record levels.

Santa Fe advances

BY TERRY BYLAND IN NEW YORK

THE NEWLY MERGED Santa Fe Southern Pacific rail network, which is still waiting for final clearance from the Interstate Commerce Department Commission, reported increased operating earnings for the final quarter of last year

Net profit from continuing operations improved from $68.1m or 36 cents a share, to $84m or 44 cents a share on revenue of $1.59bn against $1.45bn.

For the full year, operating net was up from $307.9m or $1.62 to $333.4m or $1.77 with revenues slightly better at $5.98bn

Allis-Chalmers cuts loss

BY OUR NEW YORK STAFF

ALLIS-CHALMERS, the U.S. agricultural equipment and heavy machinery manufacturer, cut its losses further in the final quarter of last year, although sales continued to fall.

The net loss for the quarter totalled $18.9m against a loss of $130.3m in the comparable period, but the 1982 figure includes a net charge of $52.8m for "resizing operations" and a write-down on a joint venture. Sales dipped from $357.2m to $347.8m.

For the full year, a loss of $133.2m compares with $207m. The 1982 figure takes in a gain of $18.7m from sale of an affiliated stake. Group sales were down by 19 per cent to $1.3bn.

INTL. COMPANIES & FINANCE

Michael Thompson-Noel on the major coal consortia being formed in Australia

BHP brings Utah in from the cold

ONCE DUBBED the "blackest name in coal," Australia's Utah Development (UDC) is about to be scrubbed clean as part of a complex and ingenious deal that will produce a powerful new force in the country's resource sector.

The cleansing of Utah, which earned the opprobrium because of its ability to repatriate large profits to its U.S. parent, will mean that five of the world's most lucrative coal mines will pass from American to Australian control, and largely into Australian ownership.

Equally important, the deal will see the emergence of a promising new investment vehicle, the Queensland Coal Trust (QCT). This will be Australia's first resources unit trust, and one that could play a significant role in the development of future projects.

All this stems from the announcement last January that Broken Hill Proprietary (BHP), Australia's largest company, was negotiating a US$2.4bn deal with General Electric of the U.S. to buy GE's Utah International mining and resources concern.

For GE, the move meant the freeing of funds so that it could concentrate more avidly on positioning itself as a leading force in high technology.

For BHP, the deal marked a determined move back into minerals and resources, and thus away from steel and steel-related products, which in recent times have bled its profits. For 1982-83 these were down 31 per cent at A$253m (US$230m).

Utah International's non-Australian assets include mines (copper, coal and iron ore) from Vancouver to Brazil, and undeveloped mining properties from Chile to Indonesia—all of them useful in improving BHP's exposure as a major competitor in the world resources league.

However, Utah's main asset is extensive coal deposits in Queensland, and it is these that are about to be reshuffled into two new consortia, and into new ownership.

Consortium number one (to be called New Central Queensland Coal Associates, or New CQCA), covers the Blackwater, Goonyella, Peak Downs, Sarayi, and Norwich Park mines, as well as two undeveloped properties, Daunia and Isaac River.

Consortium number two (to be called the Gregory joint venture) involves the Gregory mine, formerly 100 per cent-owned by BHP.

These are rich coking coal properties, with total open-cut reserves (primary plus secondary) put at 1.82bn tonnes. In 1982 their combined exports of 19.64m tonnes accounted for 53 per cent of total Australian coal exports.

At first BHP planned to merge the mines owned by the original CQCA consortium (76.25 per cent-owned by UDC) with those operated by Thiess Dampier Mitsui Coal (58 per cent-owned by BHP), and others, with BHP intending to take a stake of between 20 and 33 per cent in the enlarged consortium.

It was a clever idea, which belied BHP's reputation as a stick-in-the-mud. From BHP's point of view, Utah's Australian coal assets, assumed to be worth about U.S.$1.6bn, would have been paid for (more or less) by injecting BHP's own Queensland coal properties into a new consortium, leaving it to find an estimated U.S.$700m to U.S.$800m to cover Utah's remaining (non-Australian) assets.

Things have not worked out like that. Because of the recession, and the depressed demand for coal, BHP encountered problems in attracting new equity. However, it has now stitched together an elaborate and inventive plan, under which the formation of two new consortia can proceed.

The main players in the drama, as re-scripted and re-cast, are as follows:

● BHP, which plans to take a 35 per cent interest in New CQCA, plus 47 per cent of Gregory;

● GE, which to facilitate the deal will take 15.5 per cent of each consortium—an interest it hopes eventually to dispose of;

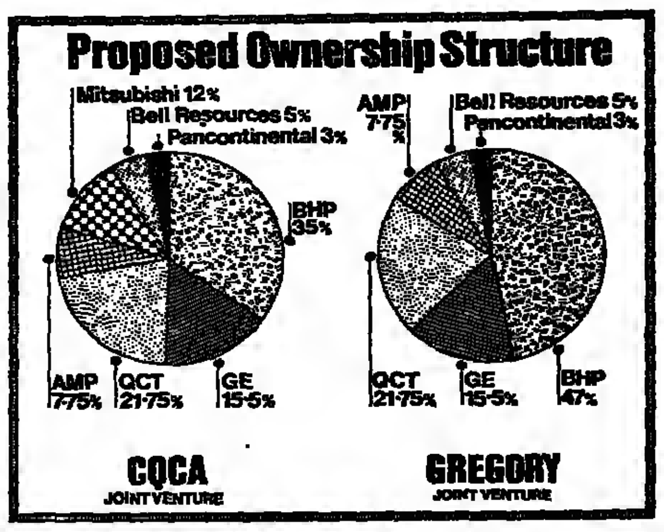
● Queensland Coal Trust, which will be formed as a result of BHP's planned takeover of the publicly-quoted Umal Consolidated, and will take 21.75 per cent of each consortium.

● Mitsubishi Development (a wholly-owned subsidiary of Mitsubishi Corporation), which has other investments in Australia, in coal and aluminium, and acts as UDC's sub-agent and consultant for coal sales to Japan. Mitsubishi will hold 12 per cent of New CQCA.

● Australian Mutual Provident Society (AMP), the country's largest insurance institution, with net assets of more than A$8bn, which will take 7.75 per cent of each consortium;

● Bell Resources (formerly called Wigmores), which is owned by Mr Robert Holmes à Court's Perth-based Bell Group, and is negotiating to take a 5 per cent stake in each consortium, with an option on a further 5 per cent in each;

● Pancontinental Mining, best known for its interest in the Northern Territory's Jabiluka uranium find, development of which, under current Government policy, has been vetoed. Pancontinental is to take a 3 per cent interest in each consortium, with an option on a further 3 per cent in each.



The key to the revamped consortia is Umal Consolidated, which at present holds 10.8 per cent of UDC, plus 4 per cent of CQCA. The company is to be taken over by BHP, the consideration being units in the Queensland Coal Trust, at a price of 310 units of A$1 for every 100 Umal shares held, or 320 units per 100 shares held should BHP win acceptance for a minimum of 90 per cent of Umal's share capital.

In addition, the trust will proceed with an underwritten cash issue of 100m new units, at an issue price of A$1 each. The trust is to purchase its interest in the new consortia at a price of U.S.$25m per combined 1 per cent.

Should the takeover offer achieve a 90 per cent acceptance level, shareholders will become entitled to 352m units in the Queensland Coal Trust, which together with the cash issue, will raise A$452m. The trust will also borrow U.S.$180m on commercial terms under a production loan and credit facility being arranged by BHP for the benefit of participants in the consortia. The aim is to limit total borrowings to about 40 per cent of the trust's total tangible assets.

Start-up expenses are put at approximately A$12m, and initial working capital at about A$36m. The cost to the trust of its interests in both consortia is put at A$610m, assuming it acquires 21.75 per cent of each.

Should the takeover offer fail to achieve a 75 per cent acceptance level — there is an extraordinary meeting of Umal shareholders on February 1—Umal will in any case fall back on a contingency plan enabling it to continue as a listed public company, and extending its interest to 16.25 per cent in each consortium.

The consideration involved would be equivalent to A$361m—A$217m from the sale of its UDC shares, A$100m in new borrowings, and A$44.6m from existing cash balances.

Under Division 6B of Part III of the Australian Income Tax Assessment Act of 1936, the net income of certain public unit trusts is subject to taxation as if those trusts were companies.

However, according to an investigating accountant's report: "In our opinion, Queensland Coal Trust is not a trust to which Division 6B applies. This has been confirmed by the Commissioner of Taxation by letter. . . . As long as the 'net income' of the trust is distributed in full to the unit holders . . . no liability to income tax will be suffered by the Trust. The 'net income' . . . will be subject to income taxation in the hands of the unit holders . . . In accordance with their particular income tax position. This has been confirmed by the Commissioner of Taxation."

In addition, Mr Brian Loton, BHP's managing director, has been assured that the Government is not planning any review of the tax treatment of unit trusts that would affect QCT.

In other words, the transformation of Umal into QCT (described by one commentator as "an elegant piece of corporate sleight of hand") will offer important tax benefits, as well as facilitating the entire Utah deal.

The mines involved are in the Bowen Basin of eastern Queensland. They are among the largest and most competitive coking coal producers in the world, with economically-recoverable open-cut reserves put at 877m tonnes. Their main customer is Japan, but coal is also shipped to other Asian and European customers.

In the nine months to September 1983, their unaudited proforma operating revenue was A$828m, producing a surplus of revenue over expenses (before depreciation, interest costs and tax) of A$386m. On Umal's figures, the distribution to investors in the new Queensland Coal Trust, calculated on the A$1-per-unit issue price, would have been at the rate of 13.3 per cent for the year ended December 1982, and at an annual rate of 16.3 per cent for the nine months to September 1983.

The prospectus states that "although a short-term fall in distributions is expected, financial prospects for the trust are considered sound, and, given the continued recovery of the world steel industry, and the elimination of some of the excess (high-cost) capacity which currently exists, distributions should return to historical proforma levels (13 to 16 cents per unit per annum), and there should be continued growth thereafter."

It is planned to list the units on all Australian stock exchanges from about April 5. As all profits have to be passed on to unitholders, the trust deed provides two methods by which unitholders can acquire additional units in lieu of dividends at a discount of 7.5 per cent on current market prices.

According to work done by merchant bankers Barings and Schroder Darling, the mines' composite value, in current market conditions, is put at between A$2.74bn and A$2.96bn. They say it is reasonable to assume that combined sales volumes will rise from 18.2m tonnes this year to 20.1m tonnes by 1987, and to 21.1m tonnes after 1990. In constant dollar terms the average price received is forecast to rise from US$55.3 per tonne to US$59.7 per tonne by 1990.

Sir James McNeill, the BHP chairman, has stressed that in buying Utah, the Big Australian is "buying straw hats in winter"—ie, investing in long-term assets, and taking an appropriately long-term view of the energy market.

Although BHP has had to take a larger stake in the Utah mines than originally envisaged, its standing in Australian stock market circles could hardly be higher than at present — the events of the past year (Utah, its Jabiru oil discovery, its involvement in oil exploration off China, and the return to profit of its steel division), having done wonders for its public image.

The same could be said of Utah, whose former reputation for cut-throat pricing allegedly jeopardised the existence of other Australian mines, and must have proved a sore embarrassment to General Electric.

For Utah, the takeover by BHP will at last bring it in from the cold.

First profits fall in 8 years for TDK

BY OUR FINANCIAL STAFF

TDK Corporation, the Japanese company which is the world's largest manufacturer of magnetic recording tapes and ferrites, suffered a decline of 7.9 per cent in consolidated net profits, to Y26.9bn ($115m) in the year to November 30, to show the first fall in eight years.

The company forecasts, however, an immediate return to profits growth, based on the idea of swings in its markets balancing themselves out.

Sales rose 13.8 per cent to Y346.6bn ($1.5bn) in the year, and TDK expects further growth in sales this year.

Video tape business, says TDK, had a "tough year," with, from mid-1982, a "too rapid" increase in production capacity by major manufacturers, and entrants to business making themselves felt.

TDK comments that in contrast with the showing on the tape side, the electronic materials and components side had a good year, with 1983 having been the first year since 1976 when this sector has grown within TDK at a faster pace than magnetic recording tape sales.

TDK lays stress on the performance in the second half of the year just past being better than that in the first, in backing its claim for a better performance being shown this year.

● HITACHI plans to spend at least Y1,000bn ($4.3bn) on plant and equipment in the five years starting April 1.

The company says it will concentrate on expanding its electronics division and will increase electronic goods sales to 75 per cent of total sales in 1988-89 from the present 50 per cent.

Hitachi is paying between Y500m and Y1bn a month to International Business Machines Corporation for the use of IBM's computer software under the recent out-of-court settlement of IBM's lawsuit against Hitachi for alleged theft of computer technology and software.

Sharp rise in earnings at Malaysian Resources

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN RESOURCES, the fast-expanding property group, has reported a sharp increase in pre-tax earnings for 1983 to 23.2m ringgit (US$10m) from 5.8m ringgit in 1982 on turnover up to 97m ringgit from 35.4m ringgit. The result exceeded the forecast of a pre-tax profit of 19.1m ringgit made in September.

The company said that the bulk of earnings came from higher sales of residential and commercial property, although its other activities—manufacturing and financial services—also performed well.

The final dividend is 5 cents, making 7.5 cents for the year, compared with 5 cents previously.

Malaysian Resources also announced it was proposing to split its paid-up capital of 115.5m ringgit from one ringgit shares into 50 cent shares.

North American quarterly results

CORNING GLASS WORKS

Fourth quarter	1983 $	1982 $
Revenue	377.3m	355.9m
Net profits	16.2m	42.5m
Net per share	0.78	2.03
Year		
Revenue	1.59bn	1.58bn
Net profits	52.2m	74.5m
Net per share	4.38	3.52

PRIME COMPUTER

Fourth quarter	1983 $	1982 $
Revenue	142.8m	118.3
Net profits	10m	12.2m
Net per share	0.21	0.26
Year		
Revenue	516.5m	435.8m
Net profits	32.5m	44.9m
Net per share	0.68	0.99

SHELL CANADA

Fourth quarter	1983 C$	1982 C$
Revenue	1.41bn	1.30bn
Net profits	25m	19m
Net per share	0.19	0.14
Year		
Revenue	5.34bn	5.18bn
Net profits	102m	131m
Net per share	0.83	1.07

EMHART

Fourth quarter	1983 $	1982 $
Revenue	445m	401m
Net profits	28m	24m
Net per share	1.14	0.97
Year		
Revenue	1.7bn	1.71bn
Net profits	84m	80m
Net per share	3.37	3.28

PACIFIC GAS & ELECTRIC

Fourth quarter	1983 $	1982 $
Revenue	1.62bn	1.76bn
Net profits	164.9m	171.8m
Net per share	0.41	0.48
Year		
Revenue	6.64bn	6.78bn
Net profits	788m	810.2m
Net per share	2.15	2.46

TEXACO CANADA

Fourth quarter	1983 $	1982 $
Revenue	1.59bn	1.32bn
Net profits	85.3m	65.6m
Net per share	0.68	0.52
Year		
Revenue	5.79bn	4.84bn
Net profits	343.6m	274.8m
Net per share	2.74	2.15

KAUFMAN AND BROAD

Fourth quarter	1983 $	1982 $
Revenue	165m	122.7m
Op. net profits	8.6m	†8.2m
Op. net per share	0.56	†0.70
Year		
Revenue	558.6m	422.7m
Op. net profits	21.9m	†22.8m
Op. net per share	1.36	†1.96

† Loss

PEOPLE EXPRESS

Fourth quarter	1983 $	1982 $
Revenue	94.2m	40.1m
Net profits	1.3m	†1.7m
Net per share	0.07	†0.11
Year		
Revenue	292.1m	138.8m
Net profits	10.4m	1m
Net per share	0.57	0.06

† Loss

TRANSAMERICA

Fourth quarter	1983 $	1982 $
Revenue	1.13bn	1.1bn
Net profits	40.2m	53.7m
Net per share	0.62	0.85
Year		
Revenue	4.68bn	4.33bn
Net profits	198.4m	186.2m
Net per share	3.12	2.95

PHILADELPHIA ELECTRIC

Fourth quarter	1983 $	1982 $
Revenue	832.4m	833.5m
Net profits	87m	81.6m
Net per share	0.48	0.54
Year		
Revenue	2.8bn	2.64bn
Net profits	389.1m	336.2m
Net per share	2.40	2.39

REPUBLIC NEW YORK

Fourth quarter	1983 $	1982 $
Revenue	—	—
Net profits	17.9m	16.3m
Net per share	1.34	1.41
Year		
Assets (year-end)	10.1bn	9.2bn
Net profits	69.1m	57.3m
Net per share	5.47	5.26

UNION CAMP

Fourth quarter	1983 $	1982 $
Revenue	441.7m	366m
Net profits	40.2m	29.3m
Net per share	1.65	1.21
Year		
Revenue	1.66bn	1.43bn
Net profits	132.7m	124m
Net per share	5.45	5.18

Anthony McDermott looks at the growth of a Swiss aircraft maker

Pilatus sets its sights higher yet in face of international challenge

THE PLANT of Pilatus Aircraft, Switzerland's only private-sector aircraft manufacturer, is situated magnificently at Stans, near Lucerne, on the edge of a broad-based valley with room for a small airport and military base.

Its surrounding hills and mountain peaks are extraordinary to view from the air, whether in level flight or upside down in the cockpit of Pilatus' star product, the two-seat PC-7 Turbo trainer.

Since the single-engine turbo prop aircraft came into production in 1979, orders for 360 have been placed, and its sales have been largely responsible for the last two years being successful for the company, with consolidated sales rising 35.2 per cent to SwFr 222.6m ($100m) in 1982, and perhaps to some SwFr 300m in 1983.

The status of Pilatus has been raised in business structure terms since the beginning of last year. As a wholly-owned part of the Zurich-based Oerlikon-Buehrle group, it has been hived out of the Automotive Division to become the Aircraft Subdivision. Pilatus, itself had been established in 1939, and among its three founders was E. G. Buehrle, a founder of Oerliken-Buehrle.

In 1982, the consolidated sales of Pilatus, including those of Pilatus Britten-Norman of Bembridge, on the Isle of Wight, represented 5.3 per cent of Oerliken-Buehrle's consolidated sales, and showed a rate of increase matching that in 1981.

Both Oerliken-Buehrle and Pilatus are coy about giving a greater breakdown of sub-divisional performance. But it is said that Pilatus has continued to make a profit, and that, contrary to predictions in the group annual report of 1982, Pilatus sales growth in 1983 continued to be "at least as much as in 1982."

Last year, as in 1982, "The exceptional increase can be attributed almost exclusively to the larger sales of PC-7 Turbo Trainers". But the warning is that "such strong growth is not . . . expected to continue in the future."

The works at Pilatus have orders to keep them busy. They produce not just the versatile PC-7 but also the immensely flexible short take-off and landing PC-6 Porter. Besides that, they continue to overhaul and update generations of aircraft and helicopters for the Swiss Air Force. They also have contract work in producing wing panels for tha A-310 Airbus, and sophisticated castings for Northrop's F-18 Hornet, used by the U.S. Navy.

One sign of Pilatus' success in a highly competitive international market at a time of global recession has been its ability to increase and maintain its workforce level. In 1976, this amounted to 700, today it is 900, rising to about 1,100 when including those employed at Pilatus Britten-Norman, set up in 1979 on the purchase of Britten-Norman, formerly part of the Fairey Group.

Since its establishment, the fortunes of Pilatus have depended on alternating between the development of its own light aircraft and service and maintenance contracts. Thus, over the years, it has worked for the Swiss Air Force on fighters ranging from de Havilland Vampires, and Venoms, Hawker Hunters and French Dassault Mirage-3s to Aerospatiale (France) Alouette helicopters.

In the early years after the war, it was the development of the P-2 and P-3 trainers which brought in the money. Of the former, 54 were sold, and of the latter 80. But in between the pressure was on for development and innovation.

The PC-6 Porter first flew in 1959, and the 450 built for some 50 countries is a tribute to its versatility, which ranges from landing on glaciers and rough deserts to mapping and crop spraying. Demand for production continues at the rate of two a month at Stans — the limits of capacity for that aircraft.

The PC-7 has been the big triumph since deliveries started in 1979. Its current "flyaway" price is SwFr 2.2m (some $1m), although the rate of production without substantial sub-contracting has to be limited to between five and seven a month.

So far, there have been 13 military and three civilian customers, accounting for 300 deliveries out of orders so far of 360. The chief recipients have been: Mexico 55, Iraq 52, Malaysia 44, the Swiss Air Force 40, and Bolivia 36. Iran with 10 has been amongst the most recent customers.

New customers are being sought in the Middle and Far East, although there is reluctance in some areas to enter into licence agreements, for technological or political reasons. Controversy has also been raised by the fact that aircraft for Guatemala and Iran have been adapted outside Switzerland for an attack role.

Those planning the future of Pilatus are acutely aware of competition, especially from the U.S. and Brazil, and of the potential pickings from an RAF contract which if it came off would mean 150 PC-7s, or more significantly their next generation, worth over SwFr 600m (say at least £200m, or around $300m).

Current plans are to stay with the continuing demand for the Porters and for the next decade with the PC-7. But, in the face of speculation in the local press and the logic of the need for further development, Pilatus is saying nothing about the development of the PC-9.

If the Operational Flying Board is any guide, the experimental flights of three prototypes is going on. This has been spurred perhaps partly by the possibility (albeit remote, though the interest has been there for some time) of landing a larger RAF contract. The RAF has complained that the PC-7 is not quite fast enough for horizontal low-level training as a replacement for the British Aerospace Jet Provost. A replacements for the current Pratt and Whitney Canadian-made engine and some alteration in the wing angle could produce a new model — the PC-9 — which would keep Pilatus well up with competition, and well placed for sales and exports in an internationally crowded market.

Pilatus PC-7 Turbo trainers of the Swiss Air Force on a formation sortie

Big gains for Japan's securities houses

BY TERRY POVEY

JAPAN'S big four security houses have all reported sizeable increases in consolidated profits for the year to September.

Earlier the four had reported their parent company results. These gave Nomura a net profit of Y47.1bn (up by 47.3 per cent), Nikko Y21.1bn (up by 44.6 per cent), Daiwa Y21.1bn (up by 55.4 per cent) and Yamaichi Y17.2bn (up by 35.3 per cent).

The consolidated results differ from those of the parent companies primarily by the inclusion of contributions from the brokers' overseas subsidiaries.

All four security houses are associated with major industrial and business groupings in Japan. Nomura with Mitsui, Nikko with Mitsubishi, Daiwa with Sumitomo, and Yamaichi with Fuyo (the grouping around Fuji Bank).

With London an important centre for their activities, all four have also reported details of their subsidiaries' activities here. These illustrate the rapid progress being made by Nikko in London to challenge Nomura, in terms of both net profits and capital market issues.

RESULTS OF THE BIG FOUR

	Consolidated results for years to September 30				London operations	
	net profits Ybn	percentage rise	sales Ybn	percentage rise	net profits Ybn	percentage rise
Nomura	55.6	42.3	366	39.8	2.88	4.2
Nikko	25.0	n.a.*	188	n.a.*	2.75	431.9
Daiwa	25.0	71.8	209	28.8	2.26	139.8
Yamaichi	18.6	40.0	176	19.6	0.25	201.2

* Comparisons not available as this was the first year Nikko presented consolidated accounts.

Sale on futures market mitigates loss on physical goods

GEBRUDER METELMANN GmbH & CO KG v NBR (LONDON) LIMITED

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Dunn and Lord Justice Browne-Wilkinson): January 20 1984

WHERE A commodity can be sold in its physical form or alternatively on a futures market, a seller who seeks to mitigate his loss under a repudiated contract for sale of physical goods may resell on the futures market if to do so would be reasonable in the circumstances existing at the date of repudiation.

The Court of Appeal so held when dismissing an appeal by NBR (London) Ltd., buyers, and allowing a cross appeal by Gebruder Metelmann GmbH & Co. KG, sellers, from an assessment of damages made by Mr Justice Mustill in respect of NBR's repudiation of a contract for the sale of sugar.

* * *

SIR JOHN DONALDSON said that Metelmann alleged before Mr Justice Mustill that NBR had agreed to buy 2,000 metric tons of sugar at $803 per metric ton, for shipment in January 1981, and that in the January NBR had repudiated the contract.

The liability issue went against NBR, but there was also an issue as to the quantum of damages to which Metelmann was entitled.

Mr Justice Mustill assessed damages at $246,000. NBR appealed, contending that the figure wes too high. Metelmann contended it was too low.

Metelmann had seen the effect of repudiation as creating a "long position," taking account not only of January commitments, but also of those in subsequent months.

It took immediate ection on January 21, following acceptance of the repudiation, by selling 2,500 tons of sugar on the Paris terminal market for the May position at $673 per metric ton.

Mr Justice Mustill rejected Metalmann's submission that the true measure of damages was the difference between the contract price and the January 21 price of $673.

The measure of damages which the judge adopted involved estimating the market price of 2,000 tons of sugar on the last trading day of the contract period, namely January 30 1981, for delivery at a later date on a prompt basis.

He found that the sugar market had been in rapid decline for several weeks before January 21. From time to time there were brief recoveries, but the overall trend was consistently downward.

There was a brief rally in the price at the end of January, and Mr Mance for NBR submitted that there was an obligation on Metelmann to mitigate its damage by reselling on the physical market within a few days of January 21. In his submission Metelmann could and should then have realised a figure in excess of $680 per ton and the damages should have been based on that higher figure.

In the sugar trade there was a distinction between the "physical" market and the "terminal" markets. The physical market was the totality of sales and purchases of sugar otherwise than on the terminal markets.

There were terminal markets in Paris and London. They provided traders with a mechanism which enabled them more or less to insulate themselves from changes in market values.

Terminal transactions involved dealing in 50 ton lots of a standard grade of sugar on standard terms as to delivery at various standardised future periods. Prices moved broadly in line with physical market prices, although not necessarily at quite the same level.

A trader wishing to hedge against changes in market prices which could adversely affect his future dealings on the physical market made a matching sale or purchase on the terminal market and closed the transaction with a subsequent purchase or sale when he concluded his contract on the physical market.

NBR submitted that terminal market dealings were irrelevant to the assessment of damages, and that there should have been a resale on the physical market.

The general rule was that where a contract for the sale of goods was repudiated and the repudiation was accepted before the date for delivery, damages were assessed on the basis of the difference between the contract price and the market price on the date for delivery.

That was subject to the exception that as from the date of breach (ie acceptance of repudiation), the claimant must do whatever was reasonable to decrease the damage.

The duty of the claimant was to act reasonably in all the circumstances with a view to mitigating his loss. Metelmann recognised that, but took the view that the reasonable course to adopt was not to seek an immediate sale on the physical market, but to effect a hedging sale on the terminal market.

There was uncontradicted evidence that on a falling market in circumstances such as occurred when NBR repudiated its contract, any sugar trader would at once turn to the terminal market as being a sophisticated tool designed to arrest further losses. That was what Metelmann did.

Mr Justice Mustill said that a sale in the futures market as an effective measure of protection produced a practical result only if a seller left long in physical goods resold them for physical delivery and actually delivered them, and the futures transaction was closed out as soon as the new physical sale was made, at which time the falling market had ceased to be source of loss.

None of those conditions existed in the present case and so, the judge held, the closing out of the terminal transaction was not related to any resale of physical goods and did not serve to mitigate any real loss suffered by Metelmann.

His Lordship took a different view. As a result of NBR's default, Metelmann was left long to the extent of 2,000 tons of sugar on a falling market. Whether it was in possession of that sugar or had merely entered into a contract to purchase it was immaterial. The reasonably anticipated consequence was that its losses would increase day by day, subject to minor unpredictable and short-lived upward movements in the price.

Its duty was to take all reasonable measures to prevent that increase in loss. In a less sophisticated market the only available measure would have been to conclude another contract for sale as soon as possible at the best price obtainable.

However, the sugar market provided the alternative of selling on the terminal market. On the evidence that was what any reasonable trader would have done, since it involved no delay.

The sole question was whether, given the duty to take steps to limit its losses, what Metelmann did represented a reasonable course of action in the circumstances as they existed.

The evidence was all one way. It was only with the benefit of hindsight, and knowledge of a short-lived rally in prices at the end of January, that the alternative of a sale in the physical market appeared viable and even attractive.

Accordingly, Metelmann was entitled to damages based on the difference between the contract price of $803 and the terminal market price of $673.

NBR submitted that a terminal sale was akin to taking out an insurance policy against losses. A contract of insurance would be disregarded in assessing damages and so, it was said, should a transaction on the terminal market.

The answer to that was that a contract of insurance and a transaction on the terminal market might have similar objectives in view, but they were essentially different in character.

An insurance policy against continuing market losses, if obtainable, would be wholly ineffective in law in mitigating Metelmann's losses, since the underwriters would be subrogated to Metelmann.

NBR also submitted that Metelmann's profits on the terminal market sale must be brought into account.

In practice and in law they were not brought into account, because Metelmann, having chosen to resort to the terminal market as the accepted method of eliminating losses, must accept the price for the terminal sale as fixing the loss.

Mr Justice Mustill's judgment should be varied by increasing the damages to $260,000, being the difference between the contract price of $803 per metric ton and the terminal market sale price of $673 per metric ton, applied to 2,000 tons.

*

LORD JUSTICE BROWNE-WILKINSON, agreeing, said that Mr Mance suggested that steps taken in mitigation must be reasonable in the interests of both parties, and the sale on January 21 was not reasonable in the interests of NBR.

His Lordship disagreed. The matter must be judged in the light of the circumstances known on January 21. The sale effected on that date limited the loss on a generally falling market, and that was as much in the interests of NBR as of Metelmann.

Lord Justice Dunn also agreed.

Appeal dismissed and cross-appeal allowed.

For Metelmann: Jonathan Sumption (Coward Chance).

For NBR: Jonathan Mance QC (Gentle Mathias and Co).

By Rachel Davies
Barrister

UK COMPANY NEWS

Microgen jumps 57% —to seek full listing

A 57 per cent jump in pre-tax profits from £589,000 to £926,000 is reported by Microgen Holdings for the year ended October 31 1983. The company, which joined the Unlisted Securities Market a year ago, has also announced that it intends to seek a full listing.

Mr Patrick Barbour, the chairman, says a 27 per cent rise in turnover to £3.51m (£2.76m) and a major productivity drive has produced a significant improvement in margins and profits.

Earnings per 10p share, adjusted on a weighted average basis to reflect the new shares issued for the acquisition of Systemset, rose by 22 per cent from 12.1p to 14.8p on actual tax. A final dividend of 4p net makes a total for the year of 6p, against a notional 4p indicated in the January 1983 prospectus.

After a more than doubled tax charge of £491,000 (£235,000) and extraordinary charges this time of £152,000—being placing and acquisition costs—net attributable profits were down by £71,000 at £283,000. Dividends absorb £188,000.

The chairman says more efficient use of equipment has led to the postponement of new capital purchases, with a consequent rise in the tax charge. However, it has also improved group cash balances from £352,000 to £423,000 after repayment of all hire purchase loans and extraordinary charges, together amounting to £458,000.

This year the company looks forward to a continuing growth from Computer Output Microfilm and a substantial contribution from the computer-aided phototypesetting business of Systemset.

● comment

Microgen is gravitating to the full market in double quick time but it already has the spread of holders to warrant such elevation—35 per cent is in outside hands—even if the spread is tightly held and the share price knee-jerks as a result. That presumably will not change after joining the Official List—leastways until a few more shares are fed into the market. That event may not be that far away. Microgen has made little secret of its ambition to expand by acquisition in its mainstream area. The Systemset purchase was not in that category, even though its profits should be worth £350,000 or so this year pushing the group to the £1½m mark without much difficulty. As for the next acquisition, the most likely candidate, but not the only one, is National Westminster's computer output microfilm operation—the same basic business as Microgen. Nat West's subsidiary is similar in terms of turnover though it has 10 bureaus against Microgen's seven, twice as many machines and 30 per cent more people. The opportunities are obvious. Also Nat West is operational in Scotland—totally unrepresented as far as Microgen is concerned. Meantime the historic p/e of 31 at 465p is a function of "high-tech" and extremely thin marketability.

Leda Investment

At the end of 1983, net asset value per 5p capital share of Leda Investment Trust had increased from 100.7p to 136p.

Net revenue for 1983, however, slipped from £250,000 to £243,000 after tax of £115,000 (£119,000) and earnings per 20p income share were lower at 4.87p, against 5.02p. Gross revenue dropped by £12,000 to £436,000.

As forecast, a second interim dividend, in lieu of final, of 3.01p makes a total payment of 5.04p (4.76p) net.

Lower interest lifts Rank to £69m

DESPITE lower profits from Rank Xerox, the copier, duplicator associates, Rank Organisation benefited from a £9.3m reduction in interest charges and taxable profits picked up to £69.3m for the year ended October 31 1983. This is compared with £62m for the previous year and £102.76m and £110m for the two preceding years.

Turnover for 1982-83 of this films and television, hotels and holiday group expanded from £682.2m to £742.9m and the dividend is stepped up to 10p (8p) net with a final distribution up 2.8p at 6p.

The directors say that trading in the opening part of the current year indicates an improvement in the managed businesses, and increases are expected in the profitability of the associates. With the continuing reorganisation of the group's activities, they say that this year should be one of improved performance.

Trading profits amounted to £38.2m, against £33.2m and while other associate companies' contribution was £4.5m (£6.6m), the company's share of Rank Xerox profits were £52.2m, down from £57.1m.

Total Xerox profit was £165.9m, compared with £179.1m. It included an exchange gain of £4.9m and was after lower redundancy costs of £19.4m (£27.1m).

Excluding these factors, the directors say the 12 per cent reduction in profits reflect the competitive pressure on selling prices which prevented the recovery of inflation in costs. Copy volume in the copier and duplicator business was restricted, they point out, by economic conditions to a growth of 5 per cent.

Rank continued to close, divest or plan for discontinuation of operations, where satisfactory profits are unlikely to be achieved. This process, which the directors say is essential for the future prosperity of the group, resulted in extraordinary debits of £25.4m (£23.2m).

After tax, £37.8m (£32.7m), minority interests, £2m (£2.1m) and these extraordinary items, the attributable balance came through just ahead at £4.1m, compared with £4m.

Earnings per 25p share at the year end were 14.3p (13.2p), before the extraordinary items. Net tangible assets per share were unchanged at 236p.

The major items contributing to the extraordinary items were the closure of two holiday centres in the UK; sale of English Numbering Machines and Inghams in the UK; Rank Scherr-Tumico and Rank Electro-Media in North America; and Rank-Nec and the security and air-conditioning operations in Australia.

Provision has been made for a planned rationalisation of the group's small holiday and hoteling centres, restaurant and catering facilities in the UK, and other selected activities in Australia plus the sale of the cinema business in Holland.

The group is negotiating the disposal of its 13 cinemas in Holland to the Cannon Group.

In the UK however, Rank had a good year with a 10 per cent increase in attendances at its 79 cinemas.

Mr Michael Gifford, chief executive, said later than the £25.4m extraordinary items covered all rationalisation moves made or decided on so far, and that these moves would generate cash this year. He added that no decisions had been taken on further rationalisation moves, but "we are obviously looking with great diligence at all the aspects of our business."

Mr Gifford stated that currency changes meant total borrowings, at the year end, would show an increase when the accounts came out. But the main reason for the drop in interest charges was a fall in the average volume of money borrowed, with lower interest rates also helping.

Turnover of subsidiary Rank Precision Industries moved ahead to £56.39m, against £49.41m, for the 12 months, but taxable profits slipped to £36.13m, compared with £37.43m.

Trading surplus was ahead at £6.29m (£4.78m), and although interest charges were lower at £3.73m (£4.1m), the contribution from associate companies was reduced at £26.12m (£28.56m).

After tax, minorities and extraordinary items, the attributable figure came through behind at £17.45m (£20.45m).

Another subsidiary, A. Kershaw and Sons, reports lower investment income of £4.37m against £4.75m after all charges. Tax was £206,345 (£403,637) and earnings per share were 11.91p (12.43p). A final dividend of 11p net makes an unchanged total of 15p.

See Lex

Macarthys up at £1.9m despite NHS cuts

AN INCREASE in pre-tax profits from £1.67m to £1.88m has been shown by Macarthys Pharmaceuticals for the six months to the end of October 1983. This was despite a cut of more than £200,000 in pharmaceutical profits due to drug price reductions by the NHS.

The net interim dividend has been held at 2p net. Mr Alan Ritchie, chairman, expects second half profits to be broadly in line with those of the last second half. In the last full year a total dividend of 7p was paid from pre-tax profits of £4.06m.

First half turnover of this wholesale and retail chemist moved ahead from £128.92m to £139.99m.

Earnings per 20p share rose from 8.3p to 9.7p.

During the second half Mr Ritchie anticipates satisfactory results from most divisions. He says that the pharmaceutical distribution area remains difficult, as it is subject to possible further action by the Department of Health. The Department introduced lower drug prices last August.

Significant profit improvements were achieved in surgical and veterinary divisions, says Mr Ritchie, while returns from pharmaceutical manufacturing, distribution and retailing were virtually unchanged. Mr Ritchie points out that these businesses were all affected adversely by the DOH reduction in drug prices.

Additional reductions from NHS remunerations are not likely to have as serious an effect on Savory & Moore as previously envisaged, says Mr Ritchie.

Tax amounted to £586,000 (£571,000). After preference dividends of £14,000 (same) and minority interests of £2,000 the available balance came through ahead from £1.09m to £1.28m.

A breakdown of operating profits of £2.35m (£2.17m) and turnover by division shows: pharmaceutical manufacturing £269,000 (£267,000) and £2.84m (£2.63m); pharmaceutical distribution £1.06m (£1.08m) and £111.76m (£104.5m); surgical £396,000 (£320,001) and £10.81m (£8.66m); retailing £309,000 (£300,000) and £12.44m (£11.43m); veterinary £314,000 (£207,000) and £9.71m (£8.17m).

Sales between divisions took £7.58m (£6.48m), and group management costs fell from £278,000 to £229,000. Staff bonus came to £242,000 (£219,000).

● comment

Not surprisingly, margins in Macarthys' drug related activities have continued to tighten under the twin pressures of last summer's drug price reductions—which produced a £75,000 stock loss — and steadily increasing competition from cheap parallel imports. The latter, however, will be dampened by legislation due in May and in the meantime volumes are rising in all three drug divisions. Indeed, the group will spend £1m over the next nine months on plant to increase production capacity by up to 50 per cent. The group profit increase was led by the veterinary division, where earnings were up by 52 per cent. Cost savings were achieved through depot closures and sales were driven ahead by the steeply rising cost of animals which has made the treatment of disease more cost effective for farmers. The directors say second half profits will be broadly in line with the comparable period, implying a full-year out-turn of £4.3m pre-tax. That puts the shares, up 4p to 142p, on a multiple of 6, assuming a 30 per cent tax charge.

Somportex gets boost from Slush Puppie side

BETTER MARGINS and reduced overheads in its Slush Puppie division enabled Somportex Holdings to lift its pre-tax profits from £107,000 to £465,000 for the six-month period to end-October 1983.

Like last year, there will be a loss in the second half and the directors say it is still too early to predict whether the group will end the year in profit.

Last time second half losses totalled £503,000 and overall, there was a substantial reduction in sales of Slush products. The dividend for the year was cut by 0.5p to 1p per 25p share.

Group turnover for the opening period of the current year was little changed at £3.39m, compared with £3.36m. Confectionery turnover was maintained at the previous year's level but adequate margins were still difficult to obtain—Somportex also has interests in groceries and delicatessen products.

Every effort is being made to further reduce overheads and increase sales.

Tax took £249,000 to leave earnings of £219,000 (£107,000), equal to 7.82p (3.82p) per share. No tax was charged for the previous half year in view of the substantial losses projected for the full year.

In his last statement the chairman foreshadowed a "substantial improvement this year over the very disappointing figures of the previous year."

● comment

Tentative signs of an upturn at Somportex were sufficient to add a few pence to the share price yesterday. Having chopped away at the overheads of the Slush Puppie iced drinks business and pushed up the retail price by 2p to 18p, the company should make a small profit for the full year. Still that is a far cry from the halcyon days when Slush Puppie was at the peak of its novelty value. Those times are unlikely to ever return and the strength of the dollar means that, for the present at least, sales of new Slush Puppie machines imported from the States have ground to a halt. Meantime confectionery margins are wafer thin. Shareholders who have lived through the rise and fall of Somportex's share price on the back of the iced drinks craze must be wondering what happens next, especially as some senior executives, including half the board, have made an exit over the last 18 months or so. The price of 41n yesterday compares to a 1981 peak of 255p.

Home Farm

Profits from Home Farm Products fell by £40,000 to £510,000 in the 26 weeks ended November 16 1983, and the figure for the second half is not expected to be materially different from that now reported. The interim dividend is held at 1.15p net.

Turnover of the group, whose main activity is the processing of pigs into a varied range of bacon and pork products, declined from £12.74m to £11.39m. Tax provided is £265,000 (£286,000) but the actual amount payable will be less as capital expenditure has continued at a high level in the period. Earnings are 5.32p (5.74p) per share.

For the year 1982-83 the group made a pre-tax profit of just over £1m and paid a total dividend of 3.25p.

McKay Securities

Profits of some £2.18m are forecast for the year ending March 31 1984 by McKay Securities, compared with £1.86m attained in the previous term. The interim dividend is lifted from 1.65p to 1.9p net—last time the final was 1.75p.

Gross rents and service charges receivable by this property investment and development group for the first half advanced from £1.59m to £1.92m. Including share of associates the profit before tax rose from £883,000 to £1.09m, and at this stage the directors expect results for the second half to be "no less favourable."

After tax of £547,000 (£447,000) and interest and outgoings on properties in development, after tax relief, £133,000 (£137,000), the net profit came out at £410,000 (£299,000).

Scottish Equitable

Unchanged reversionary bonus rates for 1983 have been declared by the Scottish Equitable Life Assurance Society. Thus on its flexible endowments, Flexplan and Semflex, the rate remains at £5 per cent of the sum assured and attaching bonuses, while on most individual pension contracts it remains at £5.50 per cent of the basic benefit and attaching bonuses.

The terminal bonus rate on claims in 1984 is lifted substantially from 35 per cent to 60 per cent of attaching bonuses on most policies, and from 60 per cent to 85 per cent on the individual pension contracts.

The Society has revised the bonus system under its flexible contract REFLEX. The bonus will be paid in two parts—an income bonus reflecting investment revenues earned by the funds and re-investment bonus, reflecting the capital appreciation in the underlying assets.

Oppenheimer helps Mercantile House to £30.5m at halfway

PRE-TAX profits of Mercantile House Holdings, the international financial services group, improved from £13.06m to £30.47m in the six months to October 31, 1983, including a full first half contribution from Oppenheimer Holdings Inc of the U.S. which was acquired in August 1982. The comparable period contained only 6 weeks results from this source.

Undiluted group first half earnings per 25p share rose to 21.5p (12.87p) and fully diluted they were 19.98p (12.6p). The net interim dividend is effectively raised from 2.5p to 3.75p, partly in order to reduce disparity with the final payment which last year was equivalent to 7.5p on profits of £44.72m.

Sales at mid-term almost trebled from £75.24m to £206.33m. Profits were subject to tax of £15.24m (£6.55m) and the net balance came through £8.72m higher at £15.24m. Preference dividends took £770,000 (£335,000) from this and the ordinary £2.52m (£1.68m), leaving £11.94m (£4.5m) retained.

Mr John Barkshire, chairman, describes first half results as satisfactory, particularly as trading conditions have been less favourable in some of the markets in which the group operates.

Of individual divisions, he says money broking turnover grew and profits were ahead. Commodity broking continues to make satisfactory progress, while stockbroking and trading, as expected, produced lower profits than in the "boom" conditions which prevailed in the second half of last year. However, the group's increasing spread of business here is showing an underlying pattern of growth.

U.S. fixed interest broking again produced considerably higher profits and fund management continues to expand steadily, Mr Barkshire adds.

● comment

Mercantile's big plunge into Wall Street equity broking—buying Oppenheimer just at the outset of the stock market surge—gave a boost to group profits which was inevitably hard to follow. The super-normal profits which Oppenheimer contributed on very heavy Wall Street volume in the second half last year have not been repeated in the first six months this time, and the impact has been sufficient to drop group pre-tax profits by £1.2m. Everything else in Mercantile is moving ahead—even the Liffe operation which started off so ironically on the wrong foot—and there seems no reason why Mercantile should fall short of £60m for the year, suggesting a multiple of about 10½ times at yesterday's 427p (down 6p). For some while to come, however, focus of interest will be firmly on the move—if any—that Mr Barkshire makes towards attaching Mercantile to a discount house, jobber, merchant bank, or other part of the London securities scene: just now the discussions are still being conducted on the level of philosophy, rather than action.

Meggitt near break-even: 'sound basis' for growth

IN THE closing months of its year ended October 31 1983 Meggitt Holdings, the machine tools group, moved towards a break-even position and, taking into account all factors, the directors are confident that there is "a sound basis for the development of the group."

For 1982-83 the group cut its loss from £379,000 to £181,000, equal to 4.1p (8.6p) per share after a tax credit of £5,000 (£8,000). A loss not exceeding £185,000 was intimated towards the end of last year in the announcement that Investors in Industry (3i) and Mr K. H. Coates and Mr H. N. McCorkell had taken a stake in Meggitt, and were making a rights issue to raise some £1.2m net.

Their aim is to take the group into the electronics and energy markets. Mr Coates and Mr McCorkell will leave the board of Flight Refuelling to join Meggitt as managing and finance director respectively.

In the preliminary statement it is shown that the sale of certain properties, together with the decrease in machine tool stocks, has resulted in a "significant reduction" in the overdraft.

Mr J. D. Tyler, chairman, says the extent of the recovery in the engineering industry "remains difficult to predict" but, as a result of continuing attention to costs, the cut in overdraft, the rights issue and [illegible]ing of the board, the [illegible] invest[illegible] confident for the fu[illegible] and taking a [illegible]

Of the rights [illegible] term view [illegible] cent has been taken [illegible] balance sold at a premium which will be distributed to shareholders entitled thereto. 3i, Mr Coates and Mr McCorkell were taking up their entitlement to bring their holdings in the Meggitt capital to 19.996 per cent, and 4.99 per cent each respectively.

● comment

There are no surprises in Meggitt's figures, which are in line with the rights issue forecast. In any case, the past is to an extent irrelevant, given the arrival of the team from Flight Refuelling. The existing business is showing signs of revival, with the reduction in machine tool stocks being a healthy sign of a return to normal trade prices, and it looks as if Meggitt in its present form might break even this year. But Messrs Coates and McCorkell made it plain from the outset that they were primarily interested in using the company as a springboard for acquisitions. There are no firm plans yet, but the strategy is to acquire initially in the energy area—where Meggitt has a foothold already—and proceed from there to form an industrial holding company. The shares fell 1p yesterday, to 55p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Courts	int.	1.75†	April 9	1.75	—	4.7
Dom Holdings	int.	1.73	March 2	1.48	—	4.28
Glass Glover		1.88	—	1.88	3.13	3
A. Kershaw		11	—	9	15	15
Leda Invest.	sec. int.	3.01	—	3.29	5.04	4.76
Macarthys	int.	2	April 6	2	—	7
McKay Securities	int.	1.9	March 20	1.65	—	3.4
Mercantile House	int.	3.75	March 12	2.5*	—	10*
Microgen Holdings		4‡	April 9	—	6	—
Rank Org.		6	—	3.2	10	8
J. Saville Gordon	int.	1.1	April 3	1	—	3.38
SEET	int.	1.1	March 5	1	—	3.5
Trent Holdings	int.	0.35	March 30	0.28*	—	0.7*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted companies.

ISSUE NEWS

Xyllyx plans placing on USM next month

BY ALISON HOGAN

A COMPANY with the distinctive name of Xyllyx is hoping to follow such venture companies as Bio-Isolates and Metal Sciences on to the USM in early February to raise funds to launch its two viewdata products, Infobox and Infoeditor.

The Infobox is a coin or card operated terminal which can be placed in public places to allow the general public access to viewdata systems, such as Prestel, Datastream or the Skytrack international airline ticket reservation system.

Xyllyx likens the development of Infobox to the development of coin-operated telephone boxes. Just as the public phone allows the public access to the telephone system without paying for a private phone, so Infobox will bring access to viewdata systems without the need to register or buy special equipment.

Infoeditor is a microcomputer which can simplify commands to a viewdata computer by reducing a series of complex steps to the press of a single key.

Anglo Dutch and Kemp, Mitchell are planning the placing of 3.5m shares out of 20m, to raise around £2m for further R and D, and to meet the capital requirements and administrative expenses arising from expected orders. Interested potential customers include the Swedish postal service and a major UK telecommunications supplier.

It is a high risk business and will come surrounded by wealth warnings. Projections of sales and net profits are provided rather than forecasts and Xyllyx cannot guarantee that competitors will not pitch in with a similar or better product.

Xylix will be a difficult issue to price but a market capitalisation of from £10m to £12m is looked for.

F. Copson

AN INCREASE in turnover of 5.5 per cent and in pre-tax profit of 11.3 per cent is reported by F. Copson, the Birmingham-based supplier of heating equipment and builders materials, for the six months ended October 31 1983.

Group turnover was £3.37m (£3.19m) and pre-tax profit

Mr F. Copson, chairman, expresses his satisfaction with the results in spite of the difficult current trading conditions. He sees no reason why the dividend payable on the year's results should not be maintained at 1.5p net.

Valin Pollen valued at £4.6m by USM placing

HERALDED BY a glossy picture-packed prospectus, Valin Pollen, advertising and public relations agency, makes its USM debut. Stockbrokers James Capel have placed 16.2 per cent of the equity at 110p a share, valuing the company at £4.6m.

Of the 685,000 shares being placed, 467,354 are being sold by the directors with 217,646 representing new money for the company.

The agency, which specialises in corporate and financial work, was started by Mr Reg Valin and Mr Richard Pollen in 1979 after they left Charles Barker. Turnover has grown from £821,000 for the year ended September 1980 to £8.25m for 1982-83. Over the same period profits before tax have increased from £6,000 to £275,000.

The directors are forecasting that turnover for the current year will reach £14m and profits will be not less than £425,000.

On that basis the company is being launched on a fully taxed prospective p/e of 24.9, or 22.6 on a more likely tax charge.

The directors are also predicting a total dividend of 1.6p per share giving a yield of 2.1 per cent at 110p, covered three times by likely actual earnings.

Dividend entitlements will be waived by all the directors for that year in respect of their 56.3 per cent beneficial holding in the company.

Valin Pollen is only the second advertising agency to join the USM, some, like Saatchi and Saatchi, hold full quote status.

In making this step the directors say that one of their reasons was to enable them to consider more seriously the possibilities of establishing offices in other key financial centres overseas. The U.S. is probably the most attractive market for the group to go after.

During the last full year about 30 per cent of group billings came from overseas-based companies.

Finnish shipbuilder to seek London listing

Oy Wärtsilä Ab, of Finland, one of the world's leading shipbuilders and producers of medium-speed diesel engines, announced yesterday that it is to apply later this year for a listing on the London stock market.

Wärtsilä will be the first Finnish company to seek a London listing. It is already listed in Helsinki and Stockholm, where a successful issue took place last spring.

The company also announced that it is to make a one-for-three rights issue today to existing shareholders to raise FMk 180m (£21.6m).

Turnover has grown from FMk 1.9bn in 1979 to more than FMk 3.8bn in 1982. Sales increased by almost 40 per cent in the year to December 1983 to FMk 5.3bn and pre-tax profits for the period are expected to have risen from FMk 284m in 1982 to FMk 500m.

Wärtsilä said that a London listing was a natural step for a company with exports and overseas production accounting for 85 per cent of sales and with 13 of its 35 production plants situated outside Finland.

Morgan Grenfell and Enskilda Securities have been appointed to handle the listing and a further equity issue via a placing to institutions which the group plans to make at the same time.

Around half of Wärtsilä's sales come from shipbuilding, where it specialises in ice-breakers and cruise liners. Since 1970, the group has built about one-third of the world's cruise liners and is currently constructing the largest purpose built cruiser in the world, for P & O.

Its other activities include the manufacture of wood processing and other machinery for the paper and pulp industry, engineering products, sanitary porcelain, locking devices and security systems and household porcelain, glass and enamelware for the consumer market.

Trent ahead to £195,000

ADDITIONAL MACHINERY enabled Trent Holdings, maker of specialist doors, to lift pre-tax profits to a record £195,019 for the six months to September 30 1983, compared with £151,985.

Turnover was marginally up from £1.59m to £1.6m, giving a trading profit before interest of £209,705, against £170,759. Mr Geoffrey Simon, chairman, says the new machinery reduced the work placed with sub-contractors for production of Leaderflush special doors and door sets.

Mr Simon adds that the company has concentrated on production of high added value products and that profit margins have improved accordingly.

The interim dividend is effectively raised by 25 per cent per 10p share to 0.35p net from 0.28p, after adjusting for a two-for-one scrip issue. Last year's final payment was 0.42p after adjustment.

Interest in the first half took £14,686, against £18,774. The tax charge was £32,500 (£24,500), giving attributable profits of £162,519 (£127,485). Dividends absorbed £24,063 (£18,228) and earnings per share were 2.5p (1.96p).

Demand for the company's security and fire-resistant doors and door sets is at a record level, which has led to delivery periods being extended. Plans to increase production, says Mr Simon, depend on recruiting more craftsmen and the benefit of the strong order book will not be apparent fully until next financial year.

The company acquired the capital of Parker, Winder & Achurch, which specialises in architectural ironmongery, door and security fittings, on October 31 1983.

The purchase, through a subsidiary, of land at Newbury, with planning consent for industrial development, was completed in October and building is due to begin in February.

BIDS AND DEALS

David Dodwell looks at Pleasurama's latest bid move

Game set in second match

"When I heard that Pleasurama was talking about a bid for Associated Leisure, my first reaction was that it was so obvious, it ought to have happened before," one stock market analyst commented yesterday.

He went on to explain that the two had strong, but complementary interests in the gaming industry, that they had matching management styles, and that Pleasurama has for some time been over-reliant on casino operations. These account for about 85 per cent of current profits.

There is, of course, a good reason why Pleasurama has not moved until now. Until e couple of years ago, it was too much a minnow to talk seriously of approaching a company as substantial as Associated Leisure. In fact e bid would have been more likely to be in the opposite direction.

Even more signficant, as an operator of 17 provincial casinos and one London casino—with a 25 per cent stake in two more—it until only months ago cherished the hope of making en even bigger name for itself as a casino group.

The collapse of its £56m agreed bid for Trident Television following a veto by the Monopolies Commission in December last year put an end to those dreams. Trident operates four London casinos and would have given Pleasurama the London presence it sought.

Associated Leisure revealed yesterday that it had bought Jacksons of Altrincham, a coach tour company which operated under the name of Shearings, for £1.5m. The deal will double the size of Associated's coach holiday operations. In March 1982, it bought Smiths Happiway Holidays, a coach tour operator based in Wigan, for £11m. Associated said yesterday that the deal placed it among the top six tour operators in the UK. Jacksons made a "small loss" in the year to March 31 1983, on a turnover of £15m.

The Monopolies Commission had decided that the deal would concentrate too large a share of the UK's casino interests in too few hands.

Particularly significant was the fact that Grand Metropolitan, which owns a 29.9 per cent stake in Pleasurama, and operates the Ritz and Casanova casinos in London as joint ventures with it, would in the wake of the deal "reach a position approaching dominance" in the London casino market. Through its Mecca chain, GrandMet is already the largest casino group in the UK.

The collapse of the Trident deal was a blow to the expansion plans of Mr George Martin, Pleasurama's managing director. Even now, after years of close involvement in the casino business, he admits that growth in casino operations would be a "first choice."

But with no prospect of new casino licences being issued in the near future, and with cash reserves of £20m which need to be invested, a deal with Associated Leisure is seen in the City as an astute one.

Associated's leading position in the UK as a supplier of amusement machines—with about 25,000 machines in operation, it is understood to account for about 20 per cent of the machines on the market—made it a mature business, offering Pleasurama a substantial counterbalance to its casino operations.

Associated's other interests—particularly the holiday businesses centred aronnd Smiths Happiway Spencers, the coach tour operator—have been recently acquired, show substantial growth potential, and need the sort of investment that a cash injection from Pleasurama would provide.

Mr Martin conceded yesterday that his own heavy involvement in the casino business had made him less eware than others that diversification might be a good idea.

Pleasurama's profits performance in recent years certainly provides some justification for his keenness to grow in the casino area. The group's last purchase—Maxim's casino in London, for £7m—contributed £7m to company profits in its first full year of operation inside the group.

However, as Pleasurama has become bigger, so the potential for conflicts of interest with GrandMet has emerged. It has been suggested that GrandMet would like to buy out its associate's minority interest in the Casanova and the Ritz.

These operations have been such an important contributor to Pleasurama's profit, however, that no deal satisfactory to both sides seems capable of being hammered out at present. Mr Martin insists that there are no discussions with GrandMet over these joint ventures.

One consequence of a deal with Associated Leisure would be that Pleasurama would be diluting its dependence on the profits of the Casanova and the Ritz—which would of course make it easier to settle a deal selling its stake to GrandMet. That in turn might signal the opportunity for GrandMet to place its 29.9 per cent stake in Pleasurama, which would at last give the group its own wings.

There is still time for the bid to flounder. And if Associated is such an obvious bid target, then there may be other predators ready to move in from the wings. But if it succeeds, Pleasurame has just taken a quantum leap into the big league of businesses in the UK's leisure industry.

Viva Petroleum expansion plans

Viva Petroleum, the small, independent UK oil company, is to be enlarged through an agreed merger with Petrolex and the offshore exploration interests of Howard Doris, the Anglo-French offshore construction company.

Viva, which bought a 0.25 per cent stake in BP's For[illegible] last year, nee[illegible]. But [illegible] exploration and [illegible] acreage to take advantage of the tax allowances made available by its Forties production.

Petrolex has interests in 10 North Sea Blocks, as well as small working interests and development drilling stakes in the U.S.

The first stage of the deal, announced yesterday, is a management buyout of Howard Doris Exploration, which was created in 1980 and has interests in the North Sea and in Texas.

The exploration company, renamed Western Isles Petroleum, has been bought by a management consortium headed by Mr Albert Granville, Howard Doris managing director. Mr Granville will own 25 per cent of the company, other senior managers 50 per cent, with a 25 per cent stake remaining in the hands of the Howard construction company.

Mr Granville's position with Howard Doris is not affected.

In a second stage, half of Western Isles is expected to be sold privately in the City, for a sum of £2.5m.

With that deal in place, the intention is for Viva to offer shares to take over both Western Isles and Petrolex. Terms have yet to be announced, although it is understood that the eventual ownership of the enlarged Viva would be: 40 per cent existing Viva shareholders, 35 per cent Petrolex and 25 per cent Western Isles. Viva would then seek a listing on the USM.

There is already considerable cross-ownership between Petrolex and Viva, both of which are held by a wide range of City institutions. The main bodies involved are Investors in Industry, Robert Fleming, Kleinwort Benson, Morgan Grenfell, Prudential and Oxoco-International.

Viva, Petrolex and Western Isles also have a common exploration interest in Block 14/8 in the North Sea which the operator, Elf, intends to drill this summer.

SHARE STAKES

United Biscuits (Holdings)—Prudential Corporation no longer has a notifiable interest in the shares of the company.

Woodchester Investment—Oceanbank Devs acquired 625,000 shares. Allied Combined Trust disposed of 475,000 and Jack McKinney disposed of 150,000 shares.

Polymark International—Mr L. J. Weaver has sold 35,000 ordinary and acquired 9,000 "A" ordinary shares. He now holds 125,000 ordinary and 30,000 "A" shares.

MCD Group—Clive V. A. Bailey now holds 1.5m ordinary.

Danae Investment Trust—Trustees of Leinster Private Hire Company pension scheme now hold 1,330,418 capital shares (19 per cent).

W. Moody buys Lloyd's broker

W. S. Moody (Holdings) has purchased Tozer Philipps Lloyds' brokers, from Tozer Kemsley and Millbourn (Holdings). Moody's has also obtained a controlling interest in Tozers' general insurance broking subsidiary, Wadham Stringer Insurance Services, and will conduct this business as a joint venture with Tozer's automotive division.

The transaction was financed by a group of City institutions subscribing to a convertible preference stock. These comprise the British Telecommunication Staff Superannuation Scheme, the Post Office Staff Superannuation Scheme, Baker Street Investment Company together with Hawley Group. The purchase consideration of £700,000 was paid in cash.

Moody's intends to develop and expand these acquisitions.

* * *

Durham timber and builders' merchant, **Harvey Nettress**, has been acquired by Mallinson-Denny. The new acquisition will operate as part of Mallinson-Denny (North Eastern) and will be managed by its founder, Harvey Nattress.

Canadian group buys Blackwood Hodge stake

Peter Cundill and Associates, e Vancouver-based investment management group, has bought 4.15m shares, 5.2 per cent of those issued, of **Blackwood Hodge**, the troubled construction equipment distribution company.

Bleckwood Hodge said that Cunhill, which specialises in recovery situations, had not had any contact with the company before buying the stake.

The only other substantial holdings in Bleckwood Hodge are those of the Gunley family trusts, totalling 34.7 per cent.

Blackwood has suffered substantial losses since 1980, in pert because of the worldwide slump in demand for construction equipment.

Late last year, it suffered a major blow when a major supplier of equipment, IBH Holdings, of West Germany, collapsed.

At 12p, up ½p, the shares trade et about one sixth of the stated net asset value in the group's 1982 accounts. The market capitalisation is under £10m.

BSC venture

British Steel Corporation and **Faber Prest Holdings** have concluded an agreement to form a joint company — Flixborough Wharf—which will acquire from BSC the assets employed by its Flixborough Wharf on the River Trent.

Faber Prest will have the majority shareholding and BSC will be represented in the boardroom.

Flixborough Wharf intends to to continue to handle British Steel cargoes and to seek an expansion in third party traffic.

Faber Prest owns Gunness Wharf on the River Trent and Mostyn Docks in North Wales.

British Steel and Faber Prest alreadly co-operate in joint venture companies in Sheffield and Scunthorpe.

More O'Ferrall

More O'Ferrall's wholly-owned French subsidiary, More O'Ferrall SA, has agreed to purchase on or about May 1 1984, some 74 per cent of the share capital of Societe d'Information et de Diffusion Exterieures (IDE) for £683,000 cash.

In addition it has offered to buy the balance of 26 per cent et any time during the next six years for £240,000, which will be adjusted in line with French inflation.

The purchase is subject to securing the necessary consents from the French authorities and verification of the leases of IDE's sites.

Avana makes 'unwelcome' £17m offer for Bassett

Avana Group yesterday launched e bid for **Bassett Foods**, which the Bassett board last night described es "unsolicited and unwelcome." The terms, two Avana shares for every seven Bassett, valne Bassett's shares at 144½p, against yesterdey's closing price of 99p, and put a price on the company of approximately £17m.

Bassett, one of the three largest manufacturers of sugar confectionery in the UK, has had a chequered history recently. In the year to March 1980, following a policy of diversification into such areas as toys and video games, the company made a record pre-tax loss of £1.2m. As a result, there was an entire reshuffle of top management. Profits have since recovered to £1.7m in the latest full yaar.

Avana Group is one of the fastest-growing food manufacturers in the UK, with pre-tax profits last year np by e third to £12.9m. It has been active in ecquiring companies in the past three years, from Robertsons the jam maker to confectioners Lesme and OP Chocolate.

Bassett managing director Mr Bev Stokes said last night that notice of Avane's intention to bid had come in en afternoon telephone call from Avane chairman Dr John Randall. "It came out of the blue," said Mr Stokes. "We haven't had the benefit of any discussions whatsoever."

Stressing the unwelcome nature of the bid, Mr Stokes said, "How can we want anything but independence? We've taken a lot of significant steps in the past few years, and obviously we want to go it alone."

Like Avana, Bassett is a major suplier to Marks and Spencer with sales of M & S own label confectionery accounting for 10 per cent of Bassett's group volume. In the last three years, Bassett has also built up sales of chocolate confectionery to £3m per year. All the chocolate confectionery is supplied by outside manufacturers.

Some months ago, Bassett attempted to acquire OP Chocolate from Nabisco Brands, but was beaten to it by the Avane Group.

BOARD MEETINGS

TODAY

Interims: OPCE, McLeod Russel, Park Food, Alfred Walker.

Finals: Bootham Engineers, Camford Engineering, Edinburgh American Assets Trust, Energy Resources and Services, First National Finance Corporation, First National Securities, Fleming Fledgeling Investment Trust, Gestetner, KLP, Lookers, Union Discount, Warner Estate, Whatlings.

FUTURE DATES

Interims—

Fleet Holdings	Feb 14
Kinta Kellas Rubber Estates	Feb 2
LOH	Feb 1
Malaysia Rubber	Feb 2
Finals—	
Adams and Gibbon	Feb 21
Bonsford (S. and W.)	Jan 31
Goode Durrant and Murray	Feb 5
M and G Dual Trust	Feb 1
Refuge Assurance	Mar 13
Spring Ram	Mar 27
Westminster Property	Jan 27
Willoughby's Consolidated	Jan 26

Fisons pays £5.5m for Canadian peat extractor

Fisons, the health care and egriculture group, is to acquire Langley Peat North, a Canadian peat extraction company, for a cash consideration of C$9.5m (£5.5m).

The purchase is intended to complement its existing peat extraction operations in Canada et a time when its oldest production unit, in British Columbia, is in decline after 40 years of operation.

Fisons uses peat as a raw material for its compost and other gardening products, which are manufactured in two plants in British Columbia and Manitoba. It now has fonr peat extraction operations—in British Columbia, Manitoba, New Brunswick, and the letest in Alberta.

The UK company seid yesterday that Langley had a competitive cost structure, large reserves of high quality peat, and was well located for the West coest markets of Caneda and the U.S.

Fisons main operating subsidiary using peat in Canada is Fisons Western Corporation. Fisons acquired e 50 per cent stake in the company in 1980 for C$12.5m, and in June 1982 acquired the remaining 50 per cent for e further C$8.5m

Fisons Weston was established to develop the group's consumer products business in North America, and is at present test-marketing e number of "consumer gardening products" throughout the U.S.

Whitbread expands in leisure market

Whitbread, the brewer, further increased its interests in the leisure market with the announcement yesterday of a £4.5m acquisition of some 21 pubs and discos in the Midlands.

The company has bought Midland Alehouses, the trading operation of which is called Grosvenor Leisure.

Mr Tim Thwaites, the chairman of Whitbread's retail division, said: "This acquisition represents a further and significant investment by Whitbread in the growing leisure market and follows the recent purchase of discos from the Rank Organisation and Goodhews."

Intervision joint video venture with CBS/Fox

Intervision Video (Holdings), UK-based distributor of pre-recorded video tapes, has entered into a worldwide video leasing joint venture with **CBS/Fox Video**, the UK subsidiary of CBS/Fox of the U.S.

This will be achieved by CBS/Fox Video ecquiring 50 per cent of Intervision's two existing leasing subsidiaries which have been operating successfully in the UK since the middle of last year, and Intervision believes the venture will result in the potential return to substantially higher profits.

Intervision, shares of which are dealt on the Unlisted Securities Market, reported pre-tax profits of £609,000 (£666,000) for the year to June 30 1983.

The consideration paid by CBS/Fox for the holding in the two Intervision subsidiaries will be equivalent to 50 per cent of their net assets, after withdrawing profits earned to date, and will not exceed £20,000.

At the same time, Intervision is negotiating the purchase of existing minorities in its leasing subsidiaries for an aggregate consideration which should not exceed £55,000 and the issue of 1.22m new ordinary shares.

The joint venture leasing agreement is proposed to run for 15 years and will encompass not only the UK but all international markets, excluding the U.S. and Canada. The initial overseas launch territories are likely to be Australia and Germany.

Although this joint venture is being conducted through the existing Intervision leasing companies, the international activities represent a major new development for Intervision, the directors state.

Financing of the joint venture companies, where necessary, will be borne equally between CBS/Fox and Intervision.

In addition, Intervision has agreed in principle and is negotiating agreements with CBS/Fox whereby it will take over the sales, distribution and manufacture of all Intervision products in the UK.

Intervision's subsidiary, Alpha Films, will continue to release films and purchase film and video rights for the company and Intervision's marketing department will continue to edvertise and promote all new releases.

The leasing companies will draw on product released by all major companies as well as CBS/Fox Video and Intervision titles.

Both parties view the racking form of leasing as a major growth area for video software during the mid-1980s.

BIDS AND DEALS IN BRIEF

Mount Charlotte has paid the third and final instalment regarding its purchase of the London Ryan Hotel in 1982. The instalment, £710,000, was satisfied by a cash payment of £460,000 and by the issue of £508,027 ordinary shares.

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As a result of further purchases of shares on January 20, **William Prym-Werke** now holds 409,000 ordinary shares of **Aero Needles** (9.6 per cent).

* * *

Two leading companies in the metal finishing business have joined forces with the acquisition by **Walther Trowal** of **Metaref** of Stoke on Trent.

Walther Trowal is e manufacturer of vibratory finishing equipment and controls its established UK sales and distribution operation from its demonstration centre in Birmingham. Metaref was established in 1969 and is a specialist manufacturer of ceramic ebrasives for metal finishing.

* * *

By 3 pm on January 20, the **English Association Group** had received acceptances of its offers for **Rosedimond Investment Trust** in respect of 91.56 per cent in aggregate of total Rosedimond votes. Accordingly, the offers have been declared unconditional.

Acceptances were:— income shares — 4,508,461 for share offer and 257,045 for cash offer (total 91.25 per cent); capital shares — 1,059,061 for share offer and 1,387,424 for cash offer (total 91.9 per cent).

The offers, but not the cash alternative, remain open for acceptance until February 17, 1984.

Under the terms of the offers, holders of Rosedimond income shares are entitled to receive and retain, a dividend equivalent to the net revenue available for distribution in respect of the period from August 1, 1983 to the date on which consideration payable under the offers is finally despatched.

Net revenue for this period will amount to 3.5p net per income share and this amount has been declared, payeble on February 9, 1984.

* * *

Two subsidiary companies of the **Provident Financial Group**, the People's Trust and Savings and Unicredit Finance, are merging to form one company, trading under the name of the People's Trust and Savings which currently operates e network of branches offering personal banking services to the public.

* * *

Batsford, publisher of specialist interest books and general non-fiction books, has taken a majority holding in **B. A. Seaby**, London coin dealer and publisher of books on coins. Mr A. Cox, chairman of Batsford, will also become chairman of Seaby.

UK COMPANY NEWS

Courts advances by £0.6m and sees further progress

ON THE BACK of a £3.59m rise in turnover to £34.82m Courts (Furnishers) pushed its pre-tax profits up by £606,000 to a record £2.82m for the six months ended September 30 1983.

Trading in the UK in the second half is continuing satisfactorily, although not at the same rate of increase as for the opening half. Overseas, pre-Christmas trading was buoyant in all areas except Hong Kong.

Earnings for the period rose by 1p to 6.1p per 25p share and the net interim dividend is held at 1.75p on the enlarged share capital — a final of 2.95p was paid for 1982/83 from pre-tax profits of £6.41m.

In the UK two stores have been opened and one closed this financial year. Overseas, a further five stores commenced trading, including the group's first in Papua New Guinea, which "started well."

First-half operating profits rose from £1.76m to £2.21m to which deferred profits added a further £603,000, compared with £451,000. Trading conditions in Hong Kong and Australia were difficult during the period.

Tax accounted for £1.32m (£966,000), minorities £137,000 (£149,000) and dividend payments £398,000 (£387,000). Retained profits emerged at £965,000 (£707,000).

● comment

As Courts (Furnishers) continues to open stores overseas often in exotic places like Papua New Guinea and St Lucia the contribution from abroad has grown to 40 per cent of turnover and around 50 per cent of trading profits. Another four or five stores are planned for the next financial year. Currency effects in this period were "slightly detrimental" according to managing director Bruce Cohen, mainly due to an unusually disadvantageous rate in Jamaica which should not be repeated in the second half. In the UK the closure of two large loss making stores in Birmingham and East Kilbride completes the company's programme of rooting out lossmakers. Three new stores will have been opened by the end of the current year. Another three are scheduled for next year. Opening costs have pushed borrowings a little above £7m, but management still consider it an acceptable level. Courts performed well last year following the lifting of HP controls and is unlikely to maintain the rate of growth this year. Courts will have around £700,000 deferred profit for the full year year and a pre-tax profit of £6.75m is possible which puts the shares at 135p down 3p on a prospective p/e of 9.

Good second half boosts Glass Glover

With virtually all of the growth coming in the second six months, taxable profits of Glass Glover Group, food distributor and fresh fruit and vegetable importer, finished the September 30, 1983 year ahead from £1.25m to £1.53m.

At midway profits were little changed at £495,000, against £492,000, and the directors anticipated that full year profits would be no less than those of the previous year.

They now point out that trading during the current year to date has been satisfactory, and the company is enjoying generally better trading conditions than those during the comparable period in 1982-83.

Accordingly, they say that while it is too early to make meaningful predictions they are confident that profits for the first six months will exceed those of the same period last year.

Turnover for the 12 months increased from £59.67m to £63.86m and the dividend is raised to 3.125p (3p) net per share with a final of 1.875p (same).

Earnings per 5p share were 12.572p (10.5654p). Also proposed is a one-for-three scrip issue.

Pre-tax figure for the year included investment income of £1,000 (same), but was after interest charges of £109,000, compared with £53,000. Tax took £682,000, against £555,000.

Saville Gordon climbs to £0.5m for first half

AN ALL-ROUND improvement at J. Saville Gordon pushed pre-tax profits up sharply from £159,000 to £504,000 for the six months to October 31 1983 and the full year figure is expected to top £1m, against £586,000 previously.

Mr J. D. Saville, the chairman, says the board is confident that the second-half result will be least equal to the first and could show a further improvement if current trading conditions continue.

The interim dividend is up from 1p to 1.1p net—last year's final was 2.382p.

First-half turnover increased from £8.45m to £10.59m. Interest charges rose from £99,000 to £333,000 and after tax, higher at £126,000 (£16,000), net profits came out at £378,000, compared with £143,000.

In the engineers merchanting division, where profits improved from £223,000 to £230,000, margins remain tight, but sales levels are increasing. The chairman is reasonably optimistic about its future performance.

The scrap and metal processing side swung from a loss of £62,000 to a £204,000 profit. A healthier level of demand from steelworks, both in the UK and overseas, has lifted turnover and this is expected to persist for the remainder of the year.

Property investment profits jumped from £97,000 to £403,000, reflecting the additional investment properties recently added to the portfolio, together with rent reviews on existing property.

SEET outlook promising

THE PROGRESS hoped for by Scottish, English and European Textiles at the September AGM materialised over the opening six months and prospects "continue to look promising" with healthy order books throughout the group.

Profits before tax for the half year to October 31 1983 improved by £269,000 to £589,000 on turnover of £6.96m, compared with £4.98m previously.

Shareholders benefit from the improvement. Their interim dividend is being stepped up from 1p to 1.1p net from earnings 2.94p ahead at 6.4p per 20p share.

At the annual meeting Mr J. H. Mackenzie, the chairman, said that management accounts for the first four months were ahead of budget and represented a satisfactory improvement over the figures for the same period last year.

With an encouraging order book and the main selling season having just commenced he hoped further progress would be reported at mid-year—the group manufactures woven fabrics.

Dunlop S. Africa profits decrease

Dunlop South Africa, the 51 per cent-owned subsidiary of Dunlop Holdings, suffered a drop in 1983 pre-tax profits from R38.1m to R35.5m, despite a slight increase in turnover to R200.6m, against R199.8m.

Difficult trading conditions were experienced in the motor industry and mining, industrial and agricultural markets as South Africa's recession deepened. But the board says that cost reduction and efficiency programmes have helped to offset some of the effects of the economic downturn.

The board is cautious on prospects for the current year, but is confident that the dividend will be maintained. Earnings for 1983 fell from 135 cents to 125 cents per share, partly due to an increase in the number of issued shares. The dividend was however, unchanged at 75 cents.

Dom sees increase

THE DIRECTORS of Dom Holdings are forecasting a "reasonable increase" in group profits for the year to March 31 1984 over the £1.03m pre-tax achieved last time, and they are raising the interim dividend from 1.479p to 1.725p net. The group manufacturers and retails fixing products.

In the first half ended September 30 1983 turnover has advanced by £1.63m to £8.18m and profits by £100,700 to £602,146, despite unsatisfactory results from the European subsidiaries. Trading in the UK was in line with expectations.

UK sales have continued to show steady growth; steps are being taken to improve the performance of the European subsidiaries but little improvement is expected by March 31. Investment in better technology and new product lines is continuing and the directors expect the benefits to be apparent during the next financial year.

The half year's tax charge was £209,496 (£175,506), leaving the net profit at £392,650 (£325,940).

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 9¼ per cent, unchanged from last week, and compares with 11¼ per cent a year ago. The bonds are issued at par and are redeemable on 30 January, 1985.

A full list of issues will be published in tomorrow's edition.

MINING NEWS

Rustenburg lifts first-half profit

BY KENNETH MARSTON, MINING EDITOR

A JUMP of 50 per cent in first half earnings of R39.2m (£22.3m) is reported by South Africa's Rustenburg Platinum Holdings. The interim dividend is raised by 5 cents to 17.5 cents (10p), although this is partly to reduce the disparity in size between interim and final dividends. The total for the previous 10 months to June 30 was 45 cents.

	Six months Dec 31 1983	Feb 28 1983
	(Rand m)	
Gross sales revenue	367.2	297.6
Commissions and discounts	23.7	17.0
Net sales revenue	343.5	280.6
Cost of sales	248.0	217.6
On-mine costs	179.8	142.1
Treatment & refining	54.8	45.3
Off-mine costs	13.1	14.2
Decrease in stock	0.3	16.0
Profit on metal sales	95.5	63.0
Other income	6.8	3.8
Profit before provisions	102.3	66.8
Provision for renewals and replacements	17.1	10.2
Profit before tax	85.2	56.6
Tax and lease	12.6	30.3
Tax normalisation	33.5	0.2
Profit after tax	39.2	26.1
Dividends	21.9	15.7
Transfer to reserves	17.3	10.4
Earnings per share (cents)	31.3	20.8
Div. per share (cents)	17.5	12.5
Dividend cover	1.8	1.7

The good performance reflects increased sales of all the platinum group metals, a major factor in which will have been the group's more competitive pricing policy of basing its sales on the free prices as opposed to the producer price line which is still followed by Impala Platinum Holdings; the producer price remains at $475 per ounce whereas the current free market price is around $376.

At the same time the market generally improved in the period and Rustenburg obtained higher prices for all its metals, except gold, than in the six months to end-February last year. Another important factor was a reduction in unit costs.

Following the acquisition of the refineries from Matthey Rustenburg Refiners these assets are classified as mining assets and can therefore be set against tax as capital expenditure. This explains the sharp fall in tax and lease charges.

But the tax normalisation account is increased in order to spread the tax-saving benefit over a longer period. Another advantage of the acquisition is that depreciation on the refineries is no longer included in the refining charges levied on Rustenburg. This will benefit the pre-tax profit in the current half-year by some R12m.

It looks as though Rustenburg is going to turn in another good performance in the current half of the financial year to June 30. But there is not much scope for an increase in the final dividend in view of the stated desire to reduce the disparity between the size of interim and final dividends. The shares closed 10p down at 730p yesterday.

Expansion plan for Canadian gold mine

GOLD PRODUCTION at the old Renabie mine in northern Ontario is to be expanded from the current 23,000 ozs a year to 60,000 ozs or more by Canada's Campbell Resources.

This ambitious plan, which is to come into effect over the next 18 to 30 months at a cost of C$18.4m (£10.5m), will be financed by an innovative scheme involving the offer to the public of units in an investment trust, the Barrick-Cullaton Gold Trust.

The trust is entitled to receive a percentage of the Renabie mine's gold production, with a base level of 3 per cent of output if the gold price is below US$399 per ounce, rising in steps of one percentage point for each US$100 increase in the gold price.

Units in the trust will be sold at C$1 each to raise a total of C$17m, with expenses likely to absorb about C$1.2m. Holders will also receive one gold purchase warrant for each 10 units held, exercisable at a price of US$400 in 1984, US$450 in 1985 and US$500 in 1986.

A final prospectus is expected to be filed on January 26, and the closing date for the offer is planned as February 9.

The trust will receive a minimum of 2,700 oz of gold in each of the first two years, unless the royalty formula provides for a larger amount. Holders will be paid the cash equivalent of this gold, with the first C$20m paid by the trust deemed to be a repayment of capital and therefore tax-free to residents of Canada.

Renabie currently has reserves of some 1.5m tons of ore at an average grade of 0.192 oz (5.97 grammes) of gold per ton, sufficient for a further five years of life at the proposed higher rate of extraction.

The expansion plan envisages the development of an additional 1.6m tons of proven and probable ore, and further exploration within the mine area.

The Barrick-Cullaton Gold Trust will be offered in the UK through Midland Doherty of 2, London Wall Buildings, London EC2.

MINING NEWS IN BRIEF

CANADA'S Teck Corporation has finally decided to build its own processing plant at its gold joint venture with International Corona Resources in the Hemlo area of Ontario. The target date for commissioning of the new facilities is March 1985, and the estimated capital cost is C$70m (£40m).

Teck had been contemplating custom milling its ore at the nearby Golden Giant property of Noranda Mines, but has chosen to construct a 1,000-tonnes-per-day plant on its own area.

The joint venture, in which Teck has 55 per cent and Corona 45 per cent, has almost 12m tons of ore at varying grades, with the main orebody containing 8.4m tons at an average grade of 0.36 oz (11 grammes) of gold per ton.

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The Lonrho group's Coronation Syndicate made a net loss of R17,000 (£9.7m) in the three months to December 31, the first quarter of the current financial year. This compares with a profit of R1.24m in the previous quarter, and was largely a result of the absence of a dividend from Corsyn Consolidated Mines, the gold and copper mining subsidiary in Zimbabwe.

Operating income from Corsyn's four mines fell to Z$1.39m (£869,000) in the latest period, compared with Z$2.07m in the September quarter.

After a lower tax charge, Corsyn showed net profits of Z$904,000.

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Australian Consolidated Minerals (ACM) has started shaft-sinking at its wholly-owned Golden Crown gold property in the Murchison goldfield of Western Australia. The shaft should be completed to its target depth of 272 metres, with lateral development work of a further 1,000 metres, by the middle of next year.

Golden Crown contains an estimated 350,000 tonnes of ore grading an average of 20 grammes of gold per tonne.

ACM is also continuing exploration work at its other properties in the area, and has started a feasibility study into mining the Big Bell deposit.

* * *

Canada's Equity Silver Mines, controlled by the Noranda Mines affiliate Placer Development, has announced plans to reduce costs from April 30 by closing its leach plant. Mining operations will by then have shifted to the main zone orebody, which has a lower level of impurities than the ore currently being mined.

In addition, the mine's unleached concentrate is finding greater market acceptability than before. About 60 jobs from Equity's workforce of 321 will be lost through the closure, although the leach plant will be reopened if market conditions make this necessary.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months £2,500 9%, £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
§ 21-day deposits over £1,000 6½%.
‖ Demand deposits 5½%.
¶ Mortgage base rate.

COMPANY NOTICES

WEST RAND CONSOLIDATED MINES LIMITED

(Incorporated in the Republic of South Africa)

COUPON No. 104

(Dividend No. 104)

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after the 2nd February, 1984 be paid 9.61548p per share, viz. 11.31234p the amount declared per share, less 1.69685p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 104.

Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:—

In London at Gencor (UK) Limited, 30 Ely Place, London EC1N 6UA.
In Paris at Credit du Nord, 6 & 8 Boulevard Haussmann, Paris (9e).
In Basle at Swiss Bank Corporation.
In Zurich at Credit Suisse.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:—

	Pence
Amount of dividend after deduction of South African non-resident shareholders' tax of 15%	9.81549
Less: United Kingdom Income Tax of 15% on the Gross Amount of the dividend of 11.31234p	1.69685
	7.91864

Listing forms can be obtained from the office of the London Secretaries.

per pro GENCOR (UK) LIMITED
London Secretaries
L. J. BAINES
25th January 1984

NOTE:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

APEL-SOCIETE CONCESSIONNAIRE DES AUTOROUTES PARIS-EST-LORRAINE

LOAN OF EUA 12,000,000.- 9½%—1975/1985

Bondholders are hereby informed that amortization due on February 21 1984, for which an amount of EUA 2,000,000.- is planned, has been effected by a draw by lot.

Following this draw which took place on January 10 1984, in the presence of Madame Jeanne Hausse, Notary Public in Luxembourg, the 2,080 bonds of EUA 1,000 bearing numbers:

1 to 926 and 7930 to 12000 inclusive, taking account of numbers already drawn for preceeding instalments, will be redeemable at par, coupons at February 21 1985 and subsequent attached, as from February 21 1984 date at which they will cease to bear interest.

The following banks will carry out the redemption of the said bonds and the payment of interests due on February 21 1984:

CREDIT LYONNAIS, Luxembourg — COMMERZBANK A.G., Frankfurt/Main — CREDIT INDUSTRIEL ET COMMERCIAL, Paris — KREDIETBANK S.A. Luxembourgeoise, Luxembourg — SOCIETE GENERALE DE BANQUE S.A., Brussels.

It is recalled that the following bonds previously drawn by lots, have not yet been presented for repayment:

[illegible]

Amount remaining in circulation after this draw: EUA 2,000,000.-

CREDIT LYONNAIS—LUXEMBOURG

BANQUE NATIONALE DE PARIS

US$12,500,000

Floating Rate Notes due 1988

(Series 3)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 25th January, 1984 to 25th July, 1984 has been fixed at 10.1875 per cent per annum.

On 25th July, 1984 interest of US$ 257.52 per US$ 5,000 nominal amount of the Notes and US$ 2575.17 per US$ 50,000 nominal amount of the Notes will be due against interest Coupon No. 5.

SWISS BANK CORPORATION INTERNATIONAL LIMITED
Reference Agent

LEGAL NOTICE

NOTICE TO CREDITORS TO SEND IN PARTICULARS OF DEBTS OR CLAIMS

LANDMOOR LIMITED
(In voluntary liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 29th day of February 1984 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned William Frederick Rutland, of Peat, Marwick, Mitchell & Co., 1, Puddle Dock, Blackfriars, London EC4, the Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 18th January 1984.

W. F. RATFORD
R. J. MACKIE
Liquidators

FINANCIAL TIMES SURVEY

Olof Palme, whose Social Democratic government has had to tackle the huge problem of a growing national debt brought about by prolonged economic recession and a decline in real incomes. Support for the Social Democrats, who returned to power in 1982, has fallen, not least because of widespread opposition to its scheme for collectively-owned wage earner funds, which will give the unions an increasing share in the ownership of industry.

Sweden in figures

	1982	1981	1982	*1983	†1984
		(percentage change in volume)			
Gross Domestic Product ...	SKr 622.6bn	−0.5	0.5	1.7	1.6
Industrial production		−3.5	−2.5	4.2	3.5
Industrial investments ...		−8.5	−17.3	−6.0	5.5
Consumer prices		12.1	8.6	8.9	7.1
Unemployment rate		2.5	3.2	3.5	2.7
Trade balance (SKr bn)...		−1.2	−5.7	10.1	16.5
Current account balance (SKr bn)		−14.0	−22.2	−7.2	−1.0
Population	8.3m				
Total labour force	4.35m				
Manufacturing industry labour force	900,000				

Currency: Swedish Krona. U.S.$1=SKr 8.21. £1=SKr 11.51. DM 1=SKr 2.90 (January 1984).

* Estimates. † Forecasts.

Source: Swedish Industry Federation.

The opening of the Stockholm conference on security and disarmament focuses attention on the status of Sweden's long-established policy of neutrality. At home, the Social Democrat government faces criticisms and a long haul to pull the country out of its economic difficulties.

Sweden—

By Kevin Done
Nordic Correspondent

SWEDEN IS having to cope with growing strains as it struggles to extract itself from economic crisis and at the same time come to terms with a greater polarisation and diversity of political debate than has been known for many years.

Delicate issues such as Sweden's long-established neutrality policy have tentatively been placed in question, as the country feels itself squeezed by the superpowers' growing strategic interest in the Nordic region. It is an interest given added point last week by the presence in the Swedish capital of both the U.S. and Soviet Foreign Ministers for the opening of the European conference on security and disarmament.

The extravagant growth in the public sector — now the largest of any Western country—has had to be halted as the economy has groaned under the weight of mushrooming state deficits, and Swedes have been sampling the effects of prolonged economic recession and stagnation with three years of declining real incomes.

The Social Democratic Government, led by Mr Olof Palme, the Prime Minister, undoubtedly has been successful in the short term in handling the economic crisis since returning to power in October 1982. However, it has shown itself to be surprisingly accident-prone in both the domestic and foreign arenas.

Mr Palma himself stands accused of conducting an increasingly presidential style of government which has left him out of touch on certain key issues. His selection of close colleagues and aides has appeared suspect on occasions and the Social Democrats have not yet begun to win the wider electoral support which its initial handling of the embattled economy might have warranted.

In the recent so-called Rainer Affair, Mr Palmc committed what even he admitted to be a major political hlunder. Mr Ove Rainer, the Justice Minister, was forced to resign in November in a scandal over his personal tax affairs. His advanced personal tax planning broke no laws, hnt it offended deeply against Social Democratic morality.

Less than 24 hours after Mr Rainer's resignation, however, Mr Palme announced that he was appointing his former Minister supreme count judge, only to see him forced to resign from that post too, less than two weeks later, as the scandal gathered pace.

Support

The latest opinion polls show that the Social Democrats have the support of only 41 per cent of the voters compared with 47 per cent two years ago and 45 per cent in December 1982. At the last election in September 1982 they polled 45.6 per cent of the votes and, with the 5.6 per cent won by the Communists, the Socialist parties regained a majority in the Riksdag, the Swedish Parliament.

The Social Democrats returned to power after six years in the political wilderness, taking back the reins of Government which bad appeared to belong to them almost by divine right for the previous 44 years.

Backed into a corner by the need to pay off old debts to their trade union supporters, they chose to push ahead with their controversial plans for introduction of a system of collectively-owned wage earner funds. The issue brought thousands of normally passive Swedes out on to the streets in protest last October and has united the rather fractious opposition parties in a way scarcely imaginable before the last election.

Poll after poll has shown that an overwhelming majority of Swedes oppose the funds, which will give the trades unions a growing share in the ownership of industry.

The business community has waged a relentless campaign against tha funds, claiming that companies are being forced to pay for their own socialsation. In an unprecedented protest 75,000 businessmen and their supporters marched on Parliament—most demonstrating for the first time in their lives—but to no avail. With the support of Communist Party abstentions, tha scheme was pushed through Parliament with a narrow six vote majority in December and the funds are expected to start operation this spring.

The main winner on the issua has been the opposition, and in particular the Moderate Party, the Swedish Conservatives, which is currently riding at a new peak in the opinion polls. The three non-Socialist parties, the Moderates and the Liberal and Centre parties, have consistently w,n majority support in recent opinion polls.

With its promise to do away with the funds if they win the next election, in September 1985, the opposition bas ensured that the issue will not die. More importantly, bowever, it has found in the wage earner funds an issue which can be used to channel the wider dissatisfaction many feel about the growing role played by tha state in individual's lives.

State power

Over the last 50 years Sweden has built one of the most highly regulated and ordered states in thc world. It has been dona with broad popular support and most Swedes are proud of their welfare state. The activities and transfer payments of the public sector are not often questioned in principle, but there is unease about tha excesses of state power.

It is a question of degree. In a country where public expenditures are equal to 68 per cent of the Gross National Product, the process has simply gone too far. Public expenditure for health, education, social security and pensions continued to grow unchecked for much of the last decade at about 6 per cent a year in a period in which the economy was growing annually at barely more than 1 per cent.

Sweden's national debt has soared as the state chose to borrow increasing amounts to support its rapidly growing commitments. By 1982 the deficit on the central government budget had risen to more than 13 per cent of Gross National Product, giving rise to dire warnings of the long-term implications for inflation, unemployment and the balance of payments.

As probably the most highly-taxed nation in the world, Sweden must be close to the ceiling where taxes cannot be pusbed any further. To try to squeeze more would only give further encouragement to the black economy which is already thriving. A reform of marginal tax levels is being introduced, but it appears that more must be done if activities are not to switch increasingly to the untaxed informal sector, a potent form of private protest.

The Government has recognised the need to halt the growth of the public sector and has made a start with a modestly restrictive 1984-85 hudget introduced earlier this month. The Palme administration is shying away from more painful cuts, however, and has chosen instead to gamble on economic growth to haul it out of the crisis.

"It is an illusion to imagine that it is possibla to reduce the hudget deficit by cutting state expenditure," the Prime Minister insisted in a recent interview. "There are those who believe in social disarmament, hut I don't. In today's situation we must do everything we can to bold the hudget deficit at an unchanged level. Real reductions come from economic growth."

The first stage of the strategy for economic recovery, which centred around a

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Industry

Tough time ahead on economic issues

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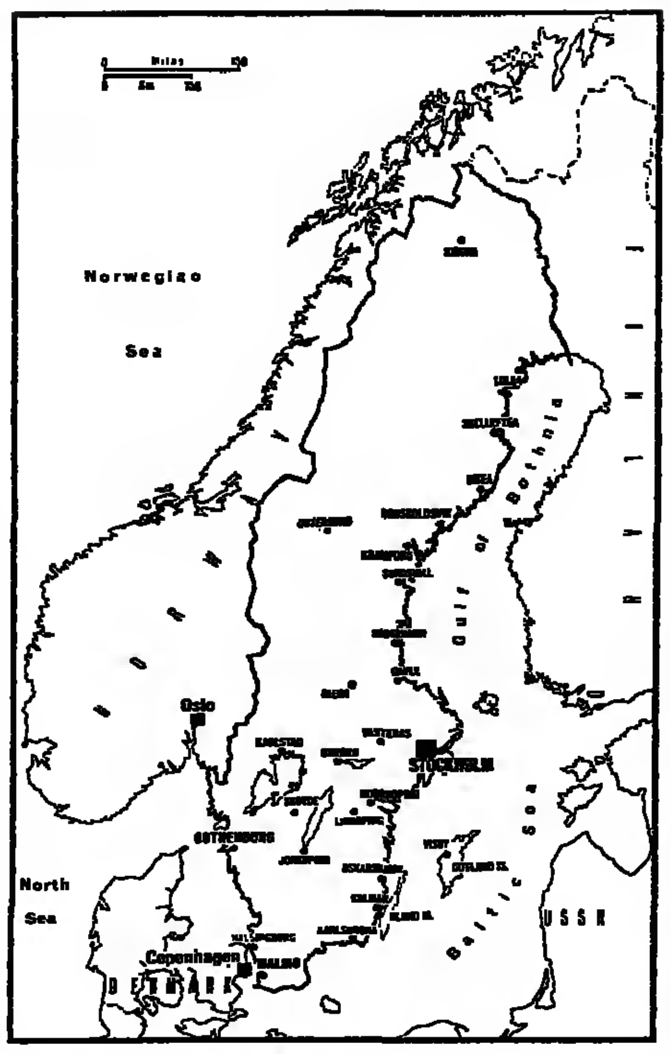


dramatic 16 per cent devaluation pushed through as virtually the first act of the new Government in October 1982, appears to have succeeded better than the administration dared hope.

Sweden has embarked on a period of export-led growth which saw its foreign sales jump by 11 per cent in volume last year. Industrial output has picked up strongly, company profits are surging in the export sector of the economy, the stock market is still riding on the crest of a three-year boom, and the deficit on the current account of the balance of payments has shrunk dramatically.

Big question-marks inevitably remain. The strategy for expansion chosen by the Swedish Government could easily be thrown off course if the recovery in the world economy fails to gather pace, and at home the battle against inflation is still to be won.

Unemployment, though nominally littla more than 3 per cent, is in fact running at betwen 7 and 8 per cent when all those supported by job creation programmes are included. The Social Democrats are still committed to full employment as the primary goal of economic policy, which could still cost them dearly, and they have yet to prove that they can keep the lid on the trade unions' present inflationary wage claims, which would eat up the competitive advantages gained through the last devaluation.

There is a lot at stake. By many material standards Sweden still leads the world. Its gross national prodnct per head of the population is rivalled only by Switzerland and Norway among Western countries. It has the lowest infant mortality rate in the world, and the Swedish live longer than other nationalities.

Only the U.S. has more telephones or television sets per capita and, contrary to popular belief, Sweden long ago gave up leadership of the world suicide league. (That dubious distinction now belongs to Hungary with Finland in second place.)

For much of the past decade Sweden sought to hang on to its achievements by isolating itself from outside economic shocks and so failed to respond adequately to the profound changes occurring in the world economy. As it now catches up with its own need for structural change, new strains are inevitably appearing in the system with cherished social and political assumptions being called into question.

Sweden likes to see itself as a bridge-builder between East and West, yet feels it is walking a tightrope in trying to deal even-handedly with the two superpowers, as Kevin Done reports.

Neutrality policy under pressure

AS HOST for the Conference on Confidence and Security Building Measures in Europe, Sweden likes to see itself as an intermediary or bridge-builder between East and West. The country is strategically located as a buffer between the military alliances of the Warsaw Pact and Nato, and the guiding principle of Swedish foreign policy remains the non-participation in alliances in peace-time aiming at neutrality in the event of war.

It is a policy that has spared the country the turmoil of war for about 170 years, but recent events have illustrated all too clearly the pressures that are mounting on Sweden's neutrality policy and lay open to question its ability to act as an East-West go-between.

Last week's meeting between Mr Andrei Gromyko, the Soviet Foreign Minister and Mr Olof Palme, the Swedish Prime Minister, was the first contact at ministerial level between the two countries for several years and certainly the first since a Soviet submarine ran aground close to a highly-sensitive Swedish naval base in October 1981.

Relations between Stockholm and Moscow sank to a new low last spring when a government commission firmly blamed tha Soviet Union for a spate of submarine incursions during the autumn of 1982 and the Palme administration issued a stiffly-worded protest note to the Soviet authorities.

Subsequent reports have detailed the security forces' continuing anxiety over further intrusions by foreign submarines into Swedish waters. Mr Lennart Bodström, the Foreign Minister explained recently: "Wa can never accept frontier violations . . . Sweden's very status of a non-participant in alliances makes violations of our frontiers more serious . . . if Sweden were to acquiesce in violations of its frontiers withont reacting vigorously, this could be misunderstood both by the power violating those frontiers and by the other side."

Criticism in the Soviet media of Sweden often depicts the country as being in the pocket of the West, and relations were hardly helped when Stockholm decided shortly before Christmas to expel two Soyiet diplomats and a third Soviet citizen suspected of carrying out industrial espionage.

Delicate role

The delicacy of the country's position as a neutral island between the military alliances was emphasised again when it was discovered that highly sensitive U.S. computers were heing smuggled to the Soviet Union via Sweden. The comouters were seized by customs officials at the southern port of Helsingborg, but for long weeks the Administration appeared nonplussed as to how it should react to U.S. pressure for the return of the computers.

The Swedish authorities' actions show clearly the tightropa it feels it is walking in trying to deal even-handedly with the two superpowers. At first it used the convenient fact that the goods had been shipped via South Africa as an excuse to intervene. It passed a new regulation outlawing the import of military equipment from Sonth Africa, saving it the problem of naming either tha U.S. or the USSR.

While Sweden agonised, West Germany returned to the U.S. other parts of the same consignment of computer equipment, which it had earlier seized in Hamburg. Stockholm's next move was to try to leave the decision-making apparently in the hands of officials. The Military Equipment Inspectorate was given the task of deciding if the computers were in fact military equipment and therefore subject to various Swedish regulations.

Once it was established that the computers could indeed be used for sophisticated military purposes such as missile guidance, Mr Marts Hellström, the Swedish Trade Minister, announced that the owner of the goods could receive neither an import nor an export licence. It was not in Swedish interests to encourage the proliferation of such military hardware.

Having blocked the way for any other buyers, Stockholm then opened the way for the manufacturer, Digital Equipment, to buy the computers back. The computers will be returned to the U.S. but the letter of neutrality has been observed.

Sweden's relations with tha U.S., particularly in this precise area of high technology and military equipment, are vital to its interests if it is to continue to be able to develop its own independent armaments industry. Its new JAS fighter plane project, for example, is vitally dependent on the import of key components and licences from the U.S.

Difficulties in Sweden's relations with the Soviet Union and anxiety over the submarine incidents have combined to set off an unusually lively public debate on security policy and foreign policy and it is surprisingly a debate in which Mr Olof Palme, the Prime Minister, has not always distinguished himself.

Mr Palme often appears to eclipse Mr Lennart Bodström, the trade union official whom he appointed as Foreign Minister in October, 1982, and he dominates with little challenge the foreign policy debate within the Government.

Such a development could be expected, perhaps, from a Prime Minister so experienced in foreign affairs but in several incidents during his first year back in power Mr Palme has shown himself to be particularly accident-prone in the foreign arena.

His handling of the dispute over oil drilling rights with close neighbour Denmark was awkward and gave exaggerated importance to a disagreement which appeared to owe much to the traditional streak of arrogance which Sweden sometimes reserves for its Nordic neighbours.

In the wake of the submarine commission's report, Mr Palme involved himself in an unseemly fracas with Mr Carl Bildt, a young Conservative Member of Parliament, which eventually gave Bildt a standing in foreign affairs that he had never previously enjoyed.

Carl Bildt was a member of the commission. Shortly after publication of the report he visited the U.S. and while in Washington held a number of meetings with U.S. defence officials. Hia visit prompted the Swedish Government in a unique statement to condemn Mr Bildt, saying that through his contacts with one of the superpowers in the middle of a very delicate Swedish foreign policy situation, he had acted with particularly poor judgment.

Above: Mr Gromyko, Soviet Foreign Minister, is greeted on his arrival for the Stockholm Conference by Mr Lennart Bodström, Sweden's Foreign Minister (left). Below: Representatives listen to Olof Palme's opening address in which he called for a "grand strategy of peace."

Accusations

Government representatives tried to claim that the Moderates, the Swedish Conservative Party, had placed themselves outside the traditional multi-party consensus on matters of foreign and security policy but the charges failed to stick. Instead, the Palme Government was accused more convincingly of trying to suppress criticism that might irritate the Soviet Union.

More recently, Mr Palme's handling of the so-called "Ferm affair" — meetings held last April and May by Mr Anders Ferm, Sweden's outspoken ambassador to the United Nations, with Mr Georgi Arbatov, a member of the Soviet Communist Party's central committee—again underlined the extreme sensitivity of Stockholm's handling of its relations with both Moscow and Washington.

Sweden's often uneasy relations with the two superpowers have tended to obscure other important policy initiatives it is pursuing either in the Nordic region or in its relations with the Third World. Non-participation in alliances does not stop Sweden from stating its views about the international scene and it plays a particularly active role at the United Nations.

With the return of the Social Democrats to power, Stockholm has begun to pursue much more actively proposals first floated by Finland in the 1960s for the establishment of a Nordic nuclear free zone, but it is receiving little encouragement from its Nordic neighbours who are also members of Nato, Denmark and Norway.

Equally, Sweden is trying officially to build up support for the idea of a corridor in Central Europe free from battlefield nuclear weapons, a proposal first elaborated by the independent Palme Commission during the Social Democrats' period in opposition and now adopted as Government policy.

Resistance—particularly from Nato countries—appears to make this idea a non-starter, however, and the Government has made clear that it is unlikely to raise the proposal during the Stockholm Conference for fear of the disagreements it could provoke.

DRAMA AT THE STOCKHOLM CONFERENCE

Event wins new prominence

THE DRAMA of the meeting between Mr George Shultz, the U.S. Secretary of State and Mr Andrei Gromyko, Soviet Foreign Minister, last week—their first since the heated exchanges in Madrid after the Korean airliner was shot down—has given the Stockholm conference a particularly high profile. It has also given Sweden an unaccustomed prominence on the world diplomatic map.

With the return of the foreign ministers to their respective capitals, delegates *to the officially titled* Conference on Security and Confidence Building Measures and Disarmament in Europe can settle down to the long haul of negotiating military steps for minimising the risk of war in Europe with the prospect of remaining at their posts in Stockholm at least until autumn 1986.

The strength of immediate interest in the Stockholm conference is easily explained by the chilling recent developments in arms control talks between the two superpowers. In December these saw the Soviet walkout from the Geneva talks on limiting intermediate range nuclear weapons in Europe, as well as Moscow's subsequent refusal to agree to dates for the resumption of the Strategic Arms Reduction Talks and the 10-year-old Vienna negotiations on reducing conventional forces in Europe.

The Stockholm Conference itself is far more limited in scope and has its origins in the Helsinki Final Act of 1975, the basic document that set up the Conference on European Security and Co-operation (CSCE). The Helsinki process grew out of the Soviet Union's desire for recognition of its post-World War II hegemony in Eastern Europe and was made possible by the general spirit of detente generated at the end of the 1960s and the early 1970s with a warming of the relations between the power blocs.

The Final Act of Helsinki was signed by 35 countries—all of Europe with the exception of Albania together with the U.S. and Canada, and these are now the states represented in Stockholm.

The Helsinki documents contained four key accords covering: security in Europe; trade, scientific and technological interchange and the environment; human rights including the reunion of families, the dissemination of news and information and cultural co-operation; rules for follow-up conferences to discuss implementation of the Helsinki agreement.

Mediators

The Stockholm Conference belongs firmly to the first accord covering security in Europe.

The decision to convene the conference was made at the second CSCE follow-up meeting which ended in Madrid in September. The Madrid meeting was often threatened by breakdown as relations between the U.S. and the Soviet Union deteriorated against the background of the Soviet invasion of Afghanistan, events in Poland and most recently the shooting down of a Korean airliner by the Soviet Union.

The bloc of neutral and non-aligned states, which includes Sweden, Finland, Austria, Switzerland and Yugoslavia, played a vital role in mediating between the two military pacts and Sweden, as the host for the latest conference, sees its role very much as a bridge-builder between East and West.

The first stage of the Stockholm Conference, which is supposed to last at least until the autumn of 1986, will concern itself solely with the discussion of "effective and concrete measures" aimed at strengthening confidence and security in Europe.

Some such measures were already included in the Helsinki Act, most importantly the requirement that states give 21 days notice of all military manoeuvres involving more than 25,000 ground troops. Other voluntary measures include the invitation of observers to manoeuvres.

In the mandate for the Stockholm Conference it is made clear that the new measures to be negotiated should meet four vital criteria: they must be militarily significant, politically binding, open to adequate verification, and must involve "the whole of Europe as well as the adjoining sea area and air space," a much wider area than applied under the Helsinki agreement. The West takes *this definition* to mean Europe from the Atlantic to the Urals including therefore European Russia.

The second stage of the mandate, namely disarmament, will not even be on the Stockholm agenda until after the beginning of the Vienna follow-up conference which is due to start in November 1986. Whether the 350-400 delegates can make any progress on the first part of the agenda remains to be seen, but the conference venue—at Stockholm's Sergels Torg in the centre of the city's business and shopping area—appears to have a firm booking for the foreseeable future.

K.D.

The Government hopes to fight its way out of economic crisis on the strength of an export-led recovery

Devaluation restores competitive edge

"The economy faces a crisis,
The experts are expertly grave,
And everyone's expert advice is
that everyone else ought to save."
(Piet Hein in Viking Vistas)

SWEDEN'S Social Democratic Government, like its counterparts in most areas of the world, hardly lacks for advice about how much and what it should save. Counsel is given generously by the opposition, the banks, the economic institutes, the Governor of the Central Bank, the advice varying only according to the severity of the cuts envisaged.

It is hardly surprising. In the space of a few years Sweden has become one of the world's most indebted nations. At roughly $8,100 per capita its foreign debt works out at four times that of Brazil.

It has built a larger public sector than any other western country—total public sector expenditures amounted to 68.1 per cent of gross national product last year, although they are scheduled to show a slight fall this year to 66.6 per cent.

The total public sector deficit still does not rival Italy's or Belgium's but at about 13 per cent of gross domestic product the central government deficit in 1982 and 1983 was close to setting a world record.

Interest payments on the national debt have become the largest single expenditure item in the budget. In the coming fiscal year 1984-85 interest payments of SKr 65bn will account for no less than 80 per cent of the planned central government budget deficit of SKr 80.8bn.

Warning report

Some of the country's leading economists warned recently—in a report published by the independent Business and Social Research Institute—that there would be "catastrophic consequences for employment, the current account of the balance of payments and for inflation" if the Government failed to take early action to start reducing the state budget deficit.

The deficit must be cut by SKr 10-15bn ($1.2-$1.8bn) a year for several years to come if it was not to run out of control under pressure from the explosive growth in interest payments, the report said.

"To balance the budget of the consolidated public sector (central and local government) 70 per cent of gross income in the country would have to be taxed or collected in the form of other public charges," says Mr Nils Lundgren, chief economist at the state-owned PKbanken, the country's third largest commercial bank. "But the economy cannot work in the long run with such levels of taxation."

International bankers still flock to Sweden courting the administration assiduously in hope of leading the next jumbo loan to the Kingdom. Sweden continues to enjoy one of the best credit ratings in the industrialised world, with bankers convinced that the country can cope with such very large debt, because at the same time it also has one of the highest gross national products per capita, second only to Norway and Switzerland among western countries.

However, Mr Lars Kalderen, head of the National Debt Office, admits to serious worries about the implications for coming generations of servicing the country's inexorably rising mountain of debt. "It could become difficult for my children and grandchildren, and they watch developments with worried eyes. I hope myself that we can keep the boat afloat."

Strengthen

The Social Democrats have made a start in tackling the problem. In a mini-budget last autumn Mr Kjell-Olof Feldt, Finance Minister, delivered SKr 7bn worth of measures aimed at strengthening the budget through either expenditure cuts or new taxes.

As a result subsidies have been taken away from many basic foodstuffs, medical charges are rising, pensioners, who have done relatively well in recent years, have been denied compensation for last year's devaluation, wealth taxes have been temporarily increased, drink and tobacco inevitably became more expensive, and share dealings have been more heavily taxed. Even the sacred cow of foreign aid has not been spared; it has been frozen for 1984 at the 1983 level.

The latest budget plans for 1984-85, published earlier this month, show that the Government has managed at least to halt the trend of continually rising deficits. Public sector expenditures will increase by only half a per cent in real terms in 1984.

Through some imaginative financial juggling, the Finance Ministry has come up with extraordinary once-for-all measures to improve cash management which are worth about SKr 11bn, and this will help to set the budget deficit on a downward trend. The actual deficit is expected to be SKr 80.8bn in 1984-85 compared with SKr 84.9bn in 1983-84 and SKr 86.6bn in 1982-83. As a share of gross domestic product this means the deficit will fall back from the record level of 13.4 per cent in 1982 to 12.5 per cent in 1983 and 10.8 per cent this year.

Mr Feldt has got the message across to the main spending departments that new projects are ruled out unless they can be financed without having recourse to additional borrowing. The Ministry is making progress too towards limiting automatic expenditure increases, by holding the level of indexation to its official 4 per cent inflation target, thus trying to ensure that the high inflation rate of recent years does not become entrenched in the budget.

Despite the stream of outside advice to make bigger expenditure cuts, the Social Democrats have shown in this month's budget that they are not willing to go much further or much faster in dealing with the deficit. They feel they have taken the steps which lie in the realm of the politically possible.

Mr Palme spelled out in a recent interview that it is "an illusion to imagine that it is possible (to reduce the budget deficit) by cutting state expenditure. There are those who believe in social disarmament, but I don't.

"Of course, one can cut a bit off food subsidies and housing subsidies. But it is a mistake to think that this can lead to dramatic changes. In today's situation we must do everything we can to hold the budget deficit at an unchanged level. Real reductions come from economic growth and a reduction in interest rates."

In essence, the Government has chosen to gamble on growing its way out of the crisis it inherited when it took over office in October 1982.

Its first act was to push through a 16 per cent devaluation aimed at giving Swedish industry a competitive advantage of the sort it had not enjoyed for at least a decade in international markets.

Rising exports that would result from such a competitive advantage should help to re-establish some balance in the country's disastrous payments position with the outside world, while at home the Government aimed to restrain domestic demand in order to hold down inflation and shift resources towards the export sector.

At the same time a panoply of job creation measures remain to hold down unemployment until the economy can generate enough jobs through higher levels of activity.

So far the strategy has enjoyed a remarkable degree of success, although serious obstacles remain. The inflation rate is still well above the level of most of Sweden's main trading partners at nearly 9 per cent, and is gradually eating up the advantages won by the devaluation.

At the same time the trades unions are pursuing wage claims in the current pay round which threaten to jeopardise the recovery if they are granted in anything like their current form. The Government has made clear that total wage costs can only be allowed to rise by a maximum of 6 per cent, if it is to be able to reach its ambitious target of cutting inflation to 4 per cent by the end of 1984.

Productivity gains

These problems apart, however, Sweden's economy has entered a phase of remarkably strong export-led growth. Although the gross domestic product increased by only a moderate 2 per cent from the third quarter of 1982 to the corresponding quarter last year, industrial output rose by a far more impressive 5 per cent. Profits in the key export sectors of the economy such as engineering and forest products, are booming and companies are making large productivity gains as production rises.

Last year exports of goods and services jumped by about 11 per cent in volume and 25 per cent in value, as foreign trade reacted with unexpected speed to both the devaluation and to the continuing strength of the U.S. dollar.

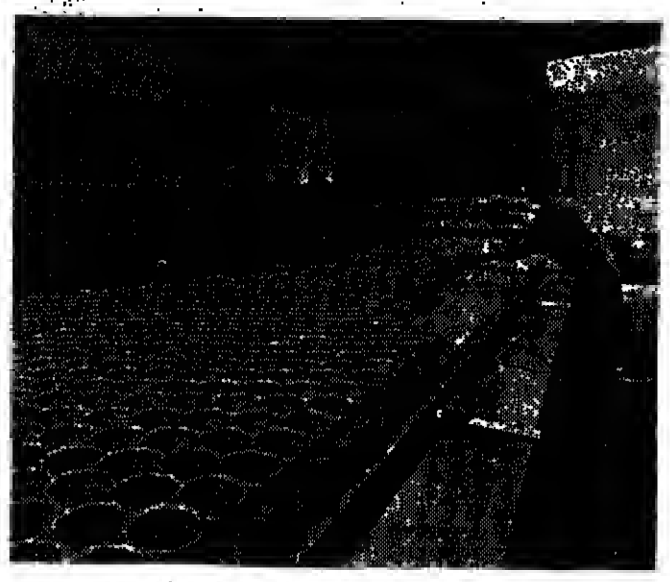
The deficit on the current account — formerly the biggest problem on the economic horizon — was brought down to just SKr 6bn in 1983 from a massive SKr 22.5bn in 1982. This year it is expected to fall further to SKr 5bn. The trade balance alone improved from a deficit of SKr 5.8bn in 1982 to a surplus of SKr 10.9bn last year.

Exports were particularly buoyant in sectors such as cars, ships and rigs, oil products, computers, forest products, iron ore and chemicals. Exports to the European Community rose strongly, helped in particular by sharp rises in sales to West Germany (up 35 per cent in the first ten months of 1983) and the UK (up 38 per cent), Sweden's two largest markets. Helped by the strength of the U.S. dollar and booming car sales, Swedish exports to the U.S. jumped by 57 per cent.

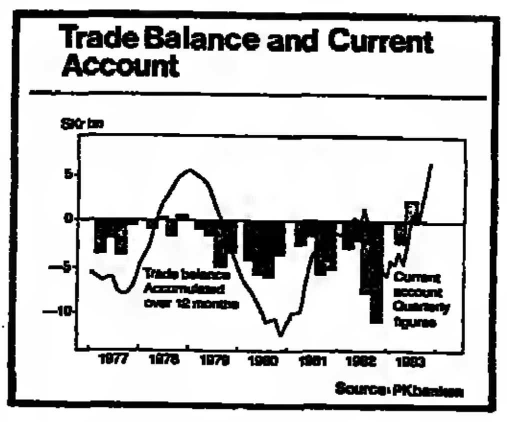
The October 1982 devaluation has done the trick in stimulating activity and setting off an export-led recovery, but it remains to be seen if the Government can now win the war against inflation, while at the same time dampening the unions' pay expectations.

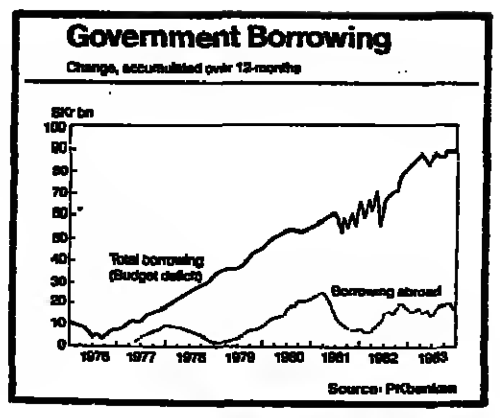
Kevin Done

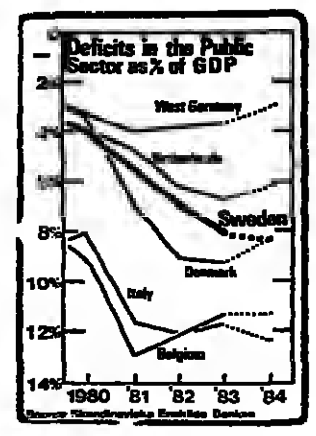
Kjell-Olof Feldt, Finance Minister: his message to the main spending departments is that new projects are ruled out unless they can be financed without additional borrowing

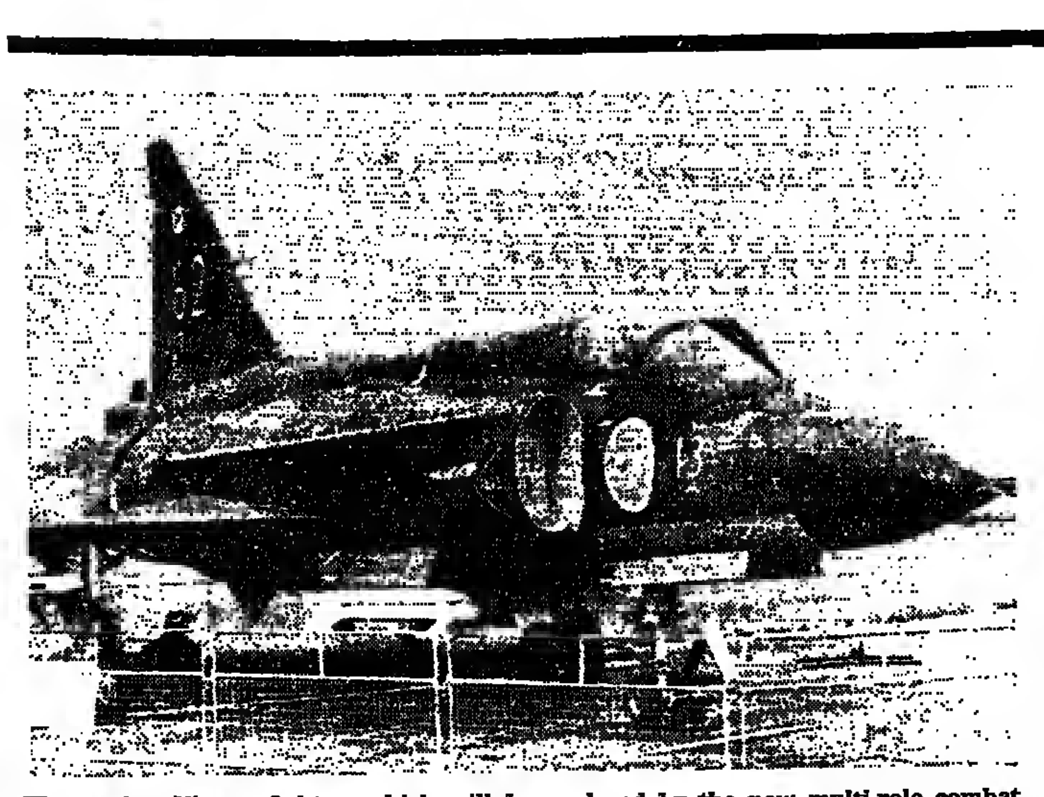


Aluminium can production in Malmö. The government has aimed to restrain domestic demand in order to shift resources to the export sector.









The ageing Viggen fighter, which will be replaced by the new multi-role combat aircraft by the year 2000. The first contract was awarded in 1982 for an initial 30. Code-named JAS 39, the new aircraft will be less dependent than the Viggen and Draken on ground support.

Fighter replacement due in late 1990s

JAS project goes ahead

DESPITE QUESTION marks in other military budget areas, Sweden is moving ahead with its biggest current industrial project—construction of a new multi-role combat aircraft code-named JAS-39.

The project calls for delivery of 130 to 140 aircraft with weaponry and equipment by the year 2000 — to replace the ageing Viggen fighter. In all, the JAS 39 project involves a total of SKr 24.9bn ($3bn) in constant 1981 kroner.

In June 1982, an initial SKr 10bn contract was awarded by the Defense Materials Procurement Agency to a special aerospace industry group for the development and production of the initial 30 aircraft.

Approval came after an extensive debate over whether the aircraft would become obsolete before the end of its operational lifetime, which is expected to extend well into the next century. The decision to go ahead gave a breathing space to the aerospace industry — which five years ago had neither a continuing military or commercial construction programme — and saved 6,000 of the 13,000 jobs in the sector.

The Riksdag (Parliament) specified strict adherence to budget targets, and penalties if the single-engined aircraft fails to meet performance, operating and maintenance targets.

About 35 per cent of the work has been contracted for outside of Sweden — 27 per cent of which goes to American sub-contractors—and the recent strength of the dollar has generated problems on the projected costside. The American share of the fixed price contract is now claiming a large proportion of the funds made available by Parliament.

Defer

The government, searching for ways to make up an SKr 2.5bn shortfall, has suggested the possibility of deferring the purchase of 10 aircraft, the cancellation of 25 trainer versions, and cutting back on the weapons systems if the exchange situation does not improve.

Decisions on any cutbacks will not have to be taken until later in the decade as the project nears the production stages.

Major foreign sub-contractors were announced in June and include General Electric (producing the F-404 engine which powers the F-18), Lear Siegler which is handling electrical flight systems, and British Aerospace which was chosen over Rockwell to develop the all-composite wing.

Delays on the wing selection mean the project is now two to three months behind schedule, and the government has deferred payment of SKr 150m from this year's budget to compensate, but the general crimp on defence expenditures has not yet affected the aircraft.

In Sweden, the JAS Industry Group is led by SAAB-Scania, which is responsible for two-thirds of the work including airframe construction and systems integration. Volvo is co-producing the engine with GE. The Ericsson Telecommunications group is producing the radar, sensor equipment, target acquisition systems and cockpit displays together with other foreign contractors.

Like the earlier Viggen and Draken aircraft, the JAS 39 Grippen is designed to perform attack, intercept and reconnaissance missions, but is to be less dependent on ground support.

David Brown

Squeeze coincides with drastic re-think on military priorities, **Kevin Done** reports

Painful cuts in defence spending

SWEDEN'S DEFENCE spending is in a state of disarray as the military authorities wage an unequal battle against an overvalued U.S. dollar, devaluation of the Swedish currency and Government determination to pursue a restrictive budget policy.

Exactly how much money is lacking to meet the commitments involved in the last big defence review of 1982 is unclear, but estimates suggest that recent economic developments have cut as much as SKr 5bn ($609m) from the armed forces' purchasing power over the years from 1984 to 1989. For this year the military will only be allowed a maximum of 4 per cent compensation for inflation, when even the most optimistic forecasts suggest that inflation is unlikely to fall below 5.5-6.0 per cent.

The defence budget has been delayed for three months until March to allow a parliamentary committee time to examine the defence staff's spending plans, but it already appears clear that the military planners are facing painful cutbacks.

The financial squeeze has come at an unfortunate time. Traditionally, Swedish defence strategy has been based on countering the threat of invasion, but the repeated incursions by foreign submarines into Swedish territorial waters over the past three years and the armed forces' apparent inability to prevent such violations has forced a drastic re-think of military priorities.

Too little provision had been made previously for anti-submarine warfare and the defence forces have been shown to be woefully ill-equipped for this task, particularly in the difficult waters of the Baltic.

Mr Olof Palme, the Prime Minister, admits that the intrusions go "to the heart of our neutrality policy." Swedish security policy has been founded on the tenet of "non-adherence to alliances in peacetime, aiming at neutrality in case of war," but the military capability to guarantee its neutrality has been a vital factor throughout this period.

Sweden forms a military buffer in the Nordic region between Nato and the Warsaw Pact states. It has been thought that as long as Sweden has sufficiently strong military resources to prevent either side from using it for military transit, then both military alliances can maintain a lower level of forces in the region, thus helping to reduce tensions.

If either side should perceive a weakness or some form of military vacuum in Sweden, then it might well be encouraged to step up its own presence in the region. Sweden, with a fairly high level of defence spending—ranging around 3-3.5 per cent of gross domestic product in recent years—a substantial domestic armaments industry, and a determination to develop and produce as high a proportion of its equipment needs as possible domestically, has sought to give substance to its policy of strong "total defence," which can protect its independence and neutrality.

Confidence

Two developments have begun to gnaw away at Swedish confidence, however. On the one hand Stockholm has shown itself so far to be powerless to prevent the repeated violation of its territorial waters by foreign submarines. On the other hand, the deployment of cruise missiles by the Nato alliance in Western Europe has raised questions about the country's ability to protect its airspace and prevent the passage of such missiles.

The problem of dealing with cruise missiles is still new, but as part of large-scale military manoeuvres during the autumn last year, the defence forces did practice shooting down such missiles both from the ground and from the air using low-flying aircraft to simulate the missiles.

The Swedes have been learning to live with the problem of submarine intrusions for rather longer. It was in October 1981 that a Soviet Whisky-class submarine, thought to be carrying nuclear weapons, ran aground on the rugged southern coast close to Karlskrona, one of the country's most important naval bases, providing the most tangible evidence yet of Soviet submarine activity in sensitive Swedish waters.

A year later the Swedish Navy discovered evidence of further foreign submarine activity, which was subsequently substantiated in the report of a Government commission, which laid the blame for the intrusions firmly on the Warsaw Pact. The report stated that six submarines from Warsaw Pact states — most probably the Soviet Union—had been active in forbidden Swedish waters.

Operating chiefly in the Stockholm archipelago, three of the submarines were said to be "manned midget submarines with a bottom-crawling capacity of a hitherto unknown character." The authorities published a series of photographs showing track marks on the seabed and revealed that one of the mini-submarines was believed to have penetrated to the heart of Stockholm.

In two subsequent reports Mr Lennart Ljung, Supreme Commander of the Armed Forces, has confirmed continuing foreign submarine activity during the summer and autumn of 1983, but he has been more cautious about accusing any one nation of being responsible.

Mr Anders Thunborg, the Swedish Defence Minister, has stressed on numerous occasions that the Government would do everything in its power to stop the violations in order to become "master in its own house" again, but he admits that it will be several years before the Swedish Navy has the proper equipment and training to perform the task adequately.

Above: Bror Steffenson, spokesman of the Chiefs of Staff, gives a press conference after Swedish forces helicopters depth-charged a suspected foreign submarine in the Stockholm Archipelago (right) in 1982. The intrusions into Swedish waters challenge Sweden's long-standing policy of neutrality and have shown that the defence forces were inadequately prepared for anti-submarine warfare. New funds are being made available to strengthen this weakpoint but much of the money is coming from a re-organisation of the Navy budget. Naval training is also being altered.

Submarine defences are being strengthened gradually, however, and Mr Thunborg has warned that "any power deliberately violating Swedish territorial waters must take the whole risk and the whole responsibility if a submarine and its crew come to harm."

Uncomfortably for the Swedish authorities, it has become clear that Sweden's Baltic coast offers an ideal environment for secret submarine operations. The traditional hydro-acoustic equipment developed for hunting submarines in deep seas with comparatively level bottoms does not work well off the rugged Swedish coast.

Variations

Sudden variations in water temperature and salt content, the countless thousands of islets and rocky outcrops dotted along the coast, abundant civilian sea traffic and wrecks littering the seabed combine to make ideal conditions for intruder submarines.

Nevertheless, the Government has decided to devote about SKr 1.2bn ($146m) to strengthening the country's anti-submarine warfare capacity over the period from 1982 to 1989. New funds are being made available, but much of the money is coming from a reorganisation of the Navy budget. The Supreme Commander has accepted that this must be done at the cost of reducing the Navy's preparedness to meet a full-scale invasion of the country.

On several occasions the Navy has exploded mines and depth charges against suspected intruders but without effect. Part of its new funds are being devoted to the development of new types of torpedoes and depth charges especially designed for use in the difficult conditions posed by the Baltic coast. These are expected to be ready for operational use during the spring.

Naval training is being altered with the express aim of schooling personnel for anti-submarine warfare and new equipment such as hydrophone buoy systems, permanent underwater reconnaissance systems, and improved data analysis systems are being added. The ordering of four new mine-hunting vessels equipped with special high frequency sonar for hunting mini-submarines and the equipping of four more helicopters for anti-submarine warfare has been speeded up.

The more money that is made available to meet the submarine menace, the less is available for other parts of the hard-pressed military establishment, however.

The biggest problems are faced by the Air Force, and the supreme commander has warned recently that a number of the older Draken J35 fighter squadrons will have to be scrapped, if none of the requested extra SKr 5bn is granted. Originally these divisions were scheduled to remain in service well into the 1990s, and if they are scrapped Sweden's fighter plane capacity will be reduced by around 25 per cent.

It will hardly be possible for the Air Force to provide air cover for the whole country with the remaining eight squadrons of Viggen fighters and attack planes. Already it has been decided to sell one Draken division to neighbouring Finland in a deal thought to be worth about SKr 40m.

Over a long period the Navy's capacity for conducting operations on the high seas has been drastically reduced. Sweden has had no cruisers for about 15 years and the last two destroyers are mothballed waiting to be scrapped. Naval resources have now been concentrated on submarines, fast missile boats and patrol craft.

Battle tank

For the Army the squeeze on funds is threatening the modernisation of Sweden's main battle tank, the S-Tank, new anti-tank ammunition and mines, new electronic warfare equipment and the purchase of a new version of Sweden's missile 70, RBS 70, an anti aircraft system that can be used both day and night.

A group in the Ministry of Defence is considering how to reduce the costs of Sweden's all-embracing conscription system, under which all male between the ages of 18 and 4[illegible] have to take part in activ[illegible] military service. Basic trainin[illegible] lasts at least seven and a-ha[illegible] months.

The Ministry insists th[illegible] there are no plans for abolis[illegible]ing conscription—theoretical[illegible] a total of nearly 800,000 m[illegible] can be mobilised within [illegible] hours—but the military autho[illegible]ties are keen to rationali[illegible] further the number of edu[illegible]tional and training establi[illegible]ments scattered about t[illegible] country.

BLOOD, SWEAT AND TEARS, OR STEEL, OIL AND GEARS.

Many companies buy robots for the wrong reason: They think robots will replace people. Many other companies do not buy robots for the wrong reason: They think robots will replace people.

Robots won't replace people. What they will do is put right inhuman working conditions. They can not only take on jobs that are demanding, but also jobs that are dull, dangerous or demeaning.

Robots are capable of great accuracy and consistency. They are ideal for applications demanding consistent adherence to close tolerances. They'll let you produce products that look better, work better and last longer. Which means you'll probably have to hire more people to produce and sell more products.

Robots also increase productivity. Which means more profits. And more jobs.

Robots generally work at about the same pace as humans. But they work three shifts a day, without breaks, sick days or vacations. Their up-time averages over 98 percent, compared to less than 75 percent for the average worker. And they work for 6 (rather than 15) dollars an hour. But most robots become workers' helpers rather than replacements. And the workers are freed to utilize their helpers to do a greater number of jobs. That translates into increased productivity of 10 percent in some plants and 300 percent in others.

But the best way to regard robots is to compare them with other machines, not with people. Robots are widely used throughout the automotive industry and in other large assembly plants. But because robots can easily be reprogrammed to do a variety of jobs they are also ideally suited for the 60 percent of manufacturing that is too small for dedicated assembly lines. In many small and medium-lot manufacturing processes they can improve product quality while cutting costs by 80 or even 90 percent.

The decision to buy or not buy robots should be heavily influenced by the machines you already have or will have. Inefficient production lines with outdated machines will not be made much more productive with robots. If the machines performing operations before and after the operation you're considering robotizing can't work three full shifts at a robot's pace, don't sandwich a robot between them. You have to have full-time work for robots for them to be a sound investment.

Going or not going to robots is a difficult decision. We can make it a lot easier for you.

We have excellent products, to be sure, proven by over 2,000 ASEA robots working reliably in more than 30 countries. Beyond that we can tell you quickly and definitively whether or not robots are a good investment in your plant. We can show you proven ways to get the most out of them in specific applications. And, if robots make good sense for you, we can help you make them make good sense to your people. And we can train your people to get the most out of the robots you buy.

We can also promise you that we'll be here tomorrow to service, replace or add to the robots you buy today. We have the experience, size, commitment and financial stability to assure that we'll be one of the few companies that will survive in this hotly competitive, fast-changing industry.

If you'd like to know more about ASEA robots or the many other industrial products we make and market write or call ASEA Marketing Communications Dept.

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ASEA

Tighter government supervision expected to moderate market boom

Explosive growth in share values

STOCKHOLM'S Stock Exchange was one of the four Nordic bourses which topped the world in a year of explosive growth. The value of shares on the Stockholm Exchange climbed 65 per cent from the start of 1983 on the Veckans Affarer Index.

Heading the boom were forest products listings (up 103 per cent), mines (up 84 per cent), and chemicals (up 68 per cent). Among the individual companies, top performers included ASEA (up 126 per cent), PLM (up 124 per cent) and Electrolux (up 124 per cent).

There are signs, however, that the boom may begin to moderate. Furthermore, the hitherto self-regulating market is likely to come under much tighter government supervision in the wake of a series of financial scandals.

The spectacular climb in share values — over 400 per cent since 1981 — was led by a surge in domestic small investment, and later fuelled by keen interest from abroad.

Foreign share issues of SKr 3.8bn ($463m) last year helped the total level of new issues — at SKr 10.7bn — double the levels achieved during all of the 1970s.

Foreigners — mainly British and Americans — are the largest single group of buyers. However, the level of net purchases declined from SKr 4.7bn for the first six months to only SKr 794m for the five months from July to November. If this trend continues, it will clearly put a sharp curb on the sustainable pace of new issues this year.

New government plans may take a toll as well. The Social Democrats have instituted an "everyman's savings plan" to replace an earlier non-socialist scheme which gave a better tax rebate on savings in unit trusts.

That earlier plan played a key role in initiating the boom in share prices, and has drawn a total of some SKr 10bn on to the market since 1980 — about 5 per cent of its total present value.

This means the small savers—the second largest group of net buyers after foreigners — are likely to start drifting away from the market this year, brokers say.

Perversely, perhaps, a possible counterbalance may be the controversial wage earner funds —the tax-financed union-controlled shareholdings which are to draw an annual SKr 2bn on to the market starting this year.

Another fundamental strength is the export-led corporate profitability (rooted in the 16 per cent devaluation 15 months ago) which has surged to its highest levels in a decade. Industrial sales are up 20 per cent on the average.

The government is hoping that low wage increases will help maintain this export price advantage, but early indications suggest labour costs may rise as much as 12 per cent, or double the government's target.

Stockholm's emergence from a sleepy backwater of part-time trading into a world-class exchange has brought a number of problems, both ethical and technical.

On the technical side, trading volume has grown so explosively (1978, SKr 2bn; 1982 SKr 27bn; 1983, 73bn) that the cen[illegible] securities clearing house [illegible] been unable to keep pace. B[illegible] in a new computer registry [illegible]tem, now largely cleared, for[illegible] the exchange to close its do[illegible] for a total of 13 working d[illegible]

Thus far, Sweden's clos[illegible] knit business community has [illegible]mained largely self-regulat[illegible] but changes are on the w[illegible] In late November, the sec[illegible]ties industry stock excha[illegible] committee introduced rules [illegible] govern the disclosure of la[illegible] share transactions in an eff[illegible] to stave off government int[illegible]vention.

However, the government [illegible] now committed to introduc[illegible] new legislation to beef up [illegible] enforcement powers of its B[illegible] Inspection Board. Among oth[illegible] things, the new law will ma[illegible] insider trading a crimi[illegible] offence.

The government has a[illegible] turned to the stock exchange [illegible] help solve its own budget[illegible] problems, and late last year [illegible]troduced a new capital gains t[illegible] for Swedish investors and a n[illegible] general turnover tax of 1 p[illegible] cent (to be divided equal[illegible] between broker and client).

None of these measures see[illegible] to have had much of an i[illegible]pact on the boom so far, a[illegible] the surging stock prices a[illegible] growing internationalisation [illegible] Swedish business have led [illegible] number of companies to br[illegible] the perils of Swedish regulatio[illegible] and seek listing on the Stoc[illegible]holm exchange. These inclu[illegible] Norsk Data of Norway, an[illegible] Kone Wartsila and Nokia [illegible] Finland.

D.B[illegible]

David Brown looks at the controversial issues of providing jobs, future pay bargaining, and changes in industry's ownership

Wage model questioned

THE FUTURE of the "Swedish model"—a system of highly centralised wage bargaining which has helped ensure an enviable post-war record of labour-management peace—has been called into question as a result of the refusal by the country's largest trades union confederation, the LO, to negotiate with its counterpart employers group.

Mr Stig Malm, leader of the 2.2m blue-collar workers grouped in the LO, charged the employers organisation SAF with trying to drive a wedge into the labour movement by allowing some of its members in better-placed industrial sectors to offer higher pay to certain unions in last year's pay round.

This year, he is attempting to oversee a series of decentralised negotiations between each of his 24 affiliated unions and their counterparts, on the basis of a common pay claim.

Both sides have warned that the move could lead to more contentious and time-consuming negotiations, threatening the government's hopes for a stable labour climate and a moderate settlement in its attempts to cut inflation and fuel economic recovery.

The decision marks a dramatic shift in a 30-year tradition of labour-management relations in Sweden. Workers and employers' groups agreed in 1938 to conduct broad talks on the labour market to forestall government intervention. By 1956, these talks had been expanded into centralised national pay bargaining.

A key feature of this bargaining has been the LO's policy of "wage solidarity," which has narrowed the relative pay spread in the LO-SAF sector to 30 per cent of its 1960 level.

The policy—always faulted by SAF for failing to reflect the wide variations in corporate profitability—came under heavy fire last year. The engineering industry and the powerful engineering workers union Metall broke away to conclude their own settlement in advance of the central agreement.

This year, Mr Malm will try to keep his house in order. In practice, this has meant a higher wage demand (7 per cent) in order to satisfy the better-paid workers in LO, make up for three years of declining real incomes, and keep pace with the white-collar workers.

Succeed

Whether he will succeed is an open question at this early stage—SAF says it can pay no more than 1.2 per cent. "No one wants conflict," he said recently, "but SAF has sown the wind, and they will now most likely reap a whirlwind."

His decision affects more than half of Sweden's highly unionised workforce. Some 90 per cent of all blue-collar workers are affiliated with the LO. The TCO is the dominant white-collar federation, with some 75 per cent of these workers, while government officers and professionals (60 per cent of whom work in the public sector) are affiliated with SACO/SR. Public and private sector members of both white collar unions are represented by separate negotiating bodies.

Introducing another element of uncertainty, the white-collar workers have abandoned the two-year contracts they signed last year because of government changes in a marginal tax reform package. The changes partly LO inspired—will cut the tax relief they would otherwise have enjoyed and prompted them to demand re-negotiation for a total of 1.2m workers.

Row on wage earner funds

JANUARY saw the start of the controversial "wage earner funds" scheme — which was rammed through parliament in December by the minority Social Democrats with the help of the Communists.

The scheme, which has been hotly debated in Sweden for nearly a decade, is n somewhat scaled-down version of the original proposals.

Under the new plan, the labour movement will take a significantly broader role in the control of industry, now about 90 per cent privately-held, through five tax-financed funds which are to invest mainly on the stock market.

Control of the funds — which are broken down according to region — will be in the hands of government appointed boards which by law must be controlled by labour interests.

The government has introduced the measure hoping it will persuade the unions to moderate their wage demands.

This is essential in the fight to hold down inflation and protect the export price competitiveness which was bought by a 16 per cent devaluation 15 months ago.

Companies are reaping record profits as a result of the devaluation and the government wishes to strengthen the labour movement as a whole rather than the salaries of individual workers in the more successful industries. "It is unreasonable that wage earners should not get a part of these profits," the Prime Minister said.

Guarantee

The funds are also supposed to cure a range of other ills. They should lead to a more equal distribution of wealth, guarantee the availability of risk capital, increase companies' readiness to invest and secure jobs for the future.

Some details:

- They will be financed by a 20 per cent tax on so-called excess corporate profits, and by a much smaller increase in the employers' payroll tax;
- Local trade unions are entitled to receive 50 per cent of their voting rights in a shareholding from the funds;
- The five funds — together with the National Pension Insurance Fund — will not be allowed to hold more than 49 per cent in any single corporation; and,
- The funds should aim for a real rate of return of 3 per cent and the earnings are to be used to finance the Swedish Pension system.

The fact that opinion poll after opinion poll has shown a majority of Swedes to be opposed to the idea has not deterred the ruling Social Democrats. Nor has the bitter opposition of the business community and the non-socialist political parties.

Mr Palme invited them last autumn to talks on the economy and wage earner funds but most flatly refused to come. "I am a consensus politician. I like to put together compromises," Mr Palme said recently. "We should have been able to solve this question but . . . if I'm forced to fight I will."

Mr Ulf Adelsohn, leader of the conservative party (Moderaterna), responded: "The Government cannot expect a consensus on economic policy when at the same time it is stubbornly pushing through the most controversial political question since the war."

Based partly on the wage earner funds issue, Mr Adelsohn's party is trying to emerge as the standard bearer for Swedes who are disaffected with the excesses of the welfare state and what he calls the Social Democratic "big brother" policies.

With the election still 20 months away, the Social Democrats' standing in the opinion polls has dropped to a low 41 per cent (against 45.6 per cent a year ago), while the non-socialist opposition has climbed six points to 51.5 per cent.

The new law has failed to win the labour support Mr Palme had been seeking—the present pay claim would increase labour costs by about 12 per cent or double the government's target figure.

Oddly enough, investors seem to be unconcerned. Share values on the Stockholm bourse grew without slacking throughout last year. The reason may be that the SKr 2bn the five funds draw on to the market every year until 1990 will offset the outflow of share savings expected to follow new tax changes for small investors.

The Social Democrats hope that by limiting the scope and duration, they can insinuate wage earner funds into the Swedish system without serious political fallout. The opposition parties are betting that Mr Palme has gone a step too far.

Crisis package aims to cut unemployment

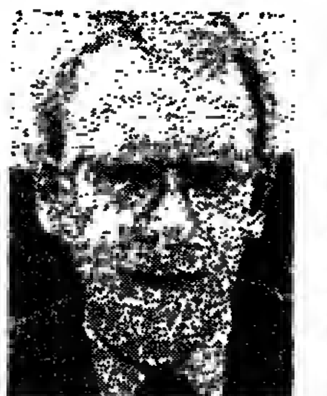
SWEDEN'S UNEMPLOYMENT rate at 3.4 per cent is the envy of most industrial countries—it compares with 11½ per cent in the UK, 10 per cent in Italy and about 8½ per cent each in France and West Germany.

However, this is the highest rate in Sweden's post-war history, and it promises to remain a major political weakness of the Social Democratic government, which came to office 15 months ago on a platform of "full employment."

Already under budget pressure from its bloated central government deficit, the administration is being forced to devote ever-increasing sums to keeping the jobless rate in check. Beyond the 147,000 officially unemployed, an additional 4 per cent or 180,000 workers are occupied in the so-called labour market programmes.

Last years' budget for these programmes, SKr 17.2bn ($2bn), was supplemented by further emergency initiatives costing a total of SKr 16.2bn. The total corresponds to more than 11 per cent of government outlays—well above the 6.5 per cent three years ago.

In October, the government announced a crisis jobs package that included a controversial programme which virtually outlaws joblessness among school leavers up to the age of 19. They are now required to spend four hours a day in communal work brigades in order to receive their welfare benefits. This measure affects some 25,000 young people, according to the National Labour Market Board (AMS).



Stig Malm, leader of the blue-collar workers in the LO, which rejects short hours

As elsewhere in the OECD, joblessness among youth remain a major problem, with potential long-term consequences. In Sweden, 50,000 of the openly unemployed are below the age of 25—7.7 per cent of the age group.

In another special programme aimed at the young and the long-term unemployed, the government is attempting to create an additional 40,000 new jobs with an SKr 1bn recruitment subsidy. For six months starting in January, it will pay half an employers' wage costs for creating new jobs ahead of schedule. Sweden has one of the world's highest rates of employed women as a percentage of the total workforce—48.5 per cent compared with 42 per cent in the U.S. and 38 per cent in both the UK and West Germany.

Of all wage earners in Sweden, 3.5 per cent are working part-time against a preference for full hours. Well over one-quarter of the 4.3m strong labour force works less than 35 hours a week. The countries' largest trades union confederation, the 2.2m-member LO, officially rejects short hours as a solution to joblessness.

In October, however, the government sent out a memorandum to public sector employers encouraging them to take a "generous attitude" towards applications for leave or part-time hours, in order to fill the slots with new temporary workers.

Measures aimed at employers include the investment funds legislation which gives tax breaks to corporate profits set aside for counter-cyclical investments. Troubled industries such as textiles and shipbuilding receive "respite orders" to provide breathing space before plant shutdowns or rationalisation.

The core of Sweden's labour market programme is relief work and retraining programmes. In December, some 80,000 were working in the relief programme—which involves mainly construction and municipal works projects but also work in schools and hospitals. This figure is up from 39,500 in September. A further 39,000 were being paid while receiving mainly vocational training.

Education

"Job applicants . . . must primarily be offered jobs and education," said Mr Allen Larsson, director of the AMS. "Cash assistance . . . should be exercised only as a last resort." Nonetheless, cash unemployment payments, at least SKr 5bn last year, have climbed more than 40 per cent.

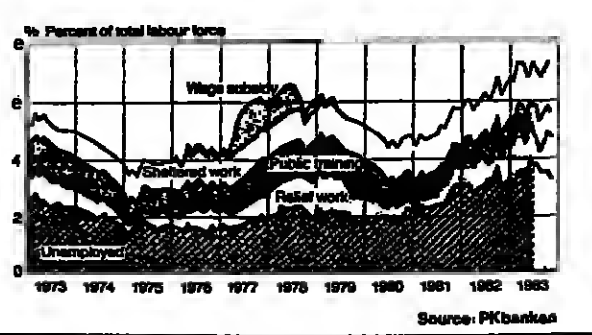
The latest figures show December unemployment largely unchanged—due almost exclusively to emergency government measures—and Mr Olof Palme, the Prime Minister, boasted recently that the government has been able to stop the climb. He now faces the more difficult task of bringing the figure down to what in Sweden is considered a more normal level—2 to 2½ per cent

On the basis of its 1984-85 budget projections, the government sources admit this is "a drop to about 3 per cent next year. However, Labour Department so urces admit this is "a point of some optimism." To reach this level, the expected increase of 25,000 new job seekers will have to be offset by 40,000 new places—provided the economy performs as planned.

The Swedish Employers Federation (SAF) regards the forecast with scepticism. It says there is unlikely to be any appreciable increase in the number of new places next year.

The number of people employed in industry has dropped 19 per cent to 36 per cent since 1960, corresponding to a considerable increase in the (especially public) services sector of 16 per cent to 61 per cent of the workforce.

Labour Market



Source: PKbanken

Forest products restructured

WITH THE recovery in the international paper market well under way, the fortunes of the Swedish forest products industry have improved rapidly following several difficult years.

Swedish pulp and paper mills are well-placed to achieve much higher profit levels helped by a far-reaching restructuring and modernisation programme. "Probably more old and non-profitable units have been closed down in Sweden in recent years than in any other country," says Mr Bo Wergens, director general of the Swedish Pulp and Paper Association.

In the pulp sector 39 units were closed down in the years from 1970 to 1982, reducing the total from 98 to 59. At the same time new plants have been built allowing a more economic scale of production and the capacity per unit of existing plants has been increased from 93,800 tons to 163,100 tons. Total pulp capacity has been enlarged over the period to 9.6m tons from 8.9m tons.

At the same time paper capacity has grown to 6.8m tons from 4.7m tons at the beginning of the 1970s and here too mills have been rationalised... The number of plants has been cut from 68 to 57 despite the 45 per cent boost in total capacity.

Reaction

The stock market has reacted sharply to forest product group's improving financial performances and the sector outstripped all other major industries on the Stockholm stock exchange with a rise of just over 100 per cent in the sectoral share price index.

Svenska Cellulosa (SCA), the country's largest forest group, boosted its profits by 54 per cent in the first eight months of 1983, for example, while MoDo, Sweden's third biggest forest products concern, has bounced back into profit after dropping heavily into losses in 1982.

Sweden's forest products industry has been winning back international market shares, helped importantly by the 16 per cent devaluation of the krona 16 months ago as well as by the strength of the U.S. dollar, the currency used for much of the industry's trading.

Prices too have picked up after the drastic falls of 1982, and Swedish producers expect that further price increases could be led by their North American rivals during 1984.

At present the Swedish pulp and paper mills are internationally very competitive and exports, particularly of pulp to non-European markets such as the Far East, increased substantially last year.

The total value of Swedish forest product exports amounted to SKr 38bn ($4.6bn) last year, a jump of 22.6 per cent. The industry accounts for about 20 per cent of Sweden's total exports, second only to the engineering sector. It occupies a key position in the world industry as the leading Nordic producer and the country is the world's third largest exporter of pulp, paper and sawmill products after Canada and the U.S.

Sweden is in eighth place among world producers of paper and board with newsprint accounting for about a quarter of Swedish paper exports. It is traditionally the biggest supplier of sack kraft paper to Western Europe with a market share varying between 40 and 50 per cent.

The country's paper exports to the European Community have been helped by the progressive reduction of tariffs, which were finally removed altogether at the beginning of this month. It has slowly increased its share of EEC paper consumption to about 10 per cent from 8.5 per cent in 1972. It has been wary of taking too much advantage of its current strong competitive position in European paper markets during the phasing out of tariffs, however.

Such restraint has not been exercised in the international pulp and sawn product markets, however, and Swedish exporters have regained considerable market shares over the past year, particularly from their Finnish and North American rivals.

Sweden has also solved for the moment — unlike neighbouring Finland — its problems of domestic timber supply and it is now having to import only marginal quantities of raw materials. "This year we think we can run at full capacity and get all the wood we need from Swedish forests," Mr Wergens says.

For 1984 the Swedish forest products industry expects to be running at the highest capacity levels for nearly 10 years. "With an improving West European economy and markets strong in the U.S. and the Far East, it should be a favourable year," according to Mr Wergens.

Last year already proved to be an exceptional year for sawmill products, chiefly sawn and planed softwood. Deliveries jumped to 12.2bn cubic metres, the highest level since 1974 and stocks are being run down substantially to cope with demand.

Exports of paper and board were worth SKr 17bn last year, an increase of 17.2 per cent with a 5 per cent increase in volume to 4.65m tons. Exports of pulp rose even more strongly to SKr 8.1bn, a rise of 26.5 per cent in value with a similar rise in volume.

Pulp production rose by 13 per cent to 8.7m tons last year,

Kevin Done

Devaluation has helped manufacturing to expand again and many groups are making profits as recovery grows

Industry on road to recovery

THE REGENERATION of manufacturing industry was at the heart of the Social Democratic Government's economic strategy, when it returned to office 16 months ago, and in the short-term at least its policies have met with considerable success.

Helped by the dramatic 16 per cent devaluation in October 1982, industry's fortunes have improved rapidly. The long decline which characterised much of the decade up to 1982 has been halted. Industrial production has begun to expand again, corporate profits—particularly in the export sector—are booming, big productivity gains have been made as idle plant capacity has been brought back into operation and all tha signs are that industrial investment will begin to pick up again during 1984, albeit from a very low level.

The task facing the new Government in the autumn of 1982 was daunting, and the development of industrial production in Sweden since the beginning of the 1970s did not give particularly good grounds for optimism about the chances of "reindustrialising" Sweden.

The level of industrial production was lower in 1982 than in 1973. From 1970 to 1982 it had grown by only 10 per cent while in the European member states of the OECD industrial output had climbed by 25 per cent. With an explosion of labour costs in the mid-1970s many companies bad been priced out of their markets, and Government subsidies to declining industrial sectors delayed the process of restructuring.

The position in 1982 was still worsening rapidly. Industrial investments dropped by 17 per cent, output fell by 2.5 per cent, the gross national product virtually stagnated with a negligible rise of just 0.5 per cent, and the number of people employed in industry fell by a further 3.6 per cent, increasing open unemployment and adding to the costs of already expensive job creation programmes.

"The task was to bring industrial development as quickly as possible into a new period of growth," says the Finance Ministry in its latest budget plan. It aimed to increase output so that investment and employment could be expanded and to improve industry's competitive position in international markets so that the massive deficit in the current account of the balance of payments could be reduced or even eliminated.

The chosen tool for achieving these ends was a devaluation, whose scope shocked Sweden's Nordic neighbours, but which achieved the immediate aims of dramatically lowering the relative prices of Swedish products.

Together with tha earlier smaller devaluation of 1981, Swedish industry was suddenly catapulted into a better competitive position than it bad enjoyed for more than a decade.

The devaluation could scarcely have been more happily timed. The world economy bas started to pick up—if in rather fragile fashion in Western Europe— offering Swedish exporters the prospects of selling in expanding international markets. At the same time, the threat of much bigher imported inflation has been diminished by such factors as falling real oil prices and low inflation rates for many of Sweden's main trading partners.

Good shape

Parts of Sweden's industrial base, such as the shipyards, steel and iron ore, had been dealt severe blows by the world-wide crisis in these sectors, but other key industries bave emerged from the recession in remarkably good shape.

The flagships of the key engineering sector, companies such as Volvo and Saab-Scania in automotive engineering and aerospace, Ericsson, Electrolux and Asea in electrical engineering, and mechanical and process engineering groups such as SKF, Alfa-Laval and Atlas Copco have performed impressively against stiff world competition.

Some such as Atlas-Copco are at the end of the recovering trade cycle and still have tough restructuring tasks to complete but most of the big engineering groups are enjoying booming profits and rising demand for their products. The important forest industry bas seen a dramatic transformation in its fortunes over the last 18 months, while Sweden is also showing a continuing ability to innovate new products in research and development intensive sectors such as chemicals and pharmaceuticals.

Despite the fact that Sweden has been ruled for most of the last 50 years by a succession of Social Democratic Governments that bave gradually built the most expansive public sector and probably most highly-developed social welfare system in the world, the ownership of industry has largely remained in private bands. Sweden's version of socialism bas only turned to nationalisation as a last resort to try to save dying industries.

The vast majority of all Swedish companies — about 85 per cent of all companies with more than 50 employees—are privately owned. Such groups provide three-quarters of the jobs in the business sector. Foreign-owned enterprises account for just 0.5 per cent of the total number of companies in Sweden, but many are large concerns and together they account for roughly 10 per cent of the value-added and 8 per cent of the employment in the business sector.

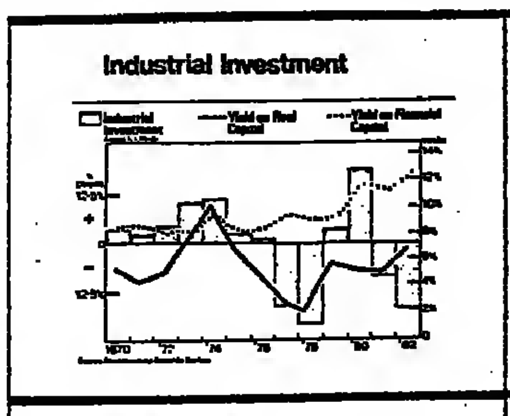
Swedish industry is concerned that the current wage negotiations could result in inflationary settlements which would eat away much of the competitive advantage won through the devaluations. While the results of the wage round may not be known until late February or March, most of the short-term economic indicators are still positive.

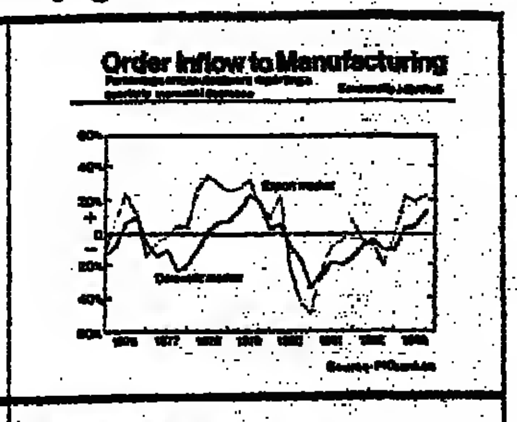
Industrial production rose by 6.5 per cent between the first balf of 1983 and the second balf of 1982 and last year managed a rise of 4.5 per cent, belped by booming foreign demand which caused exports to rise by 25 per cent in value and about 11 per cent in volume.

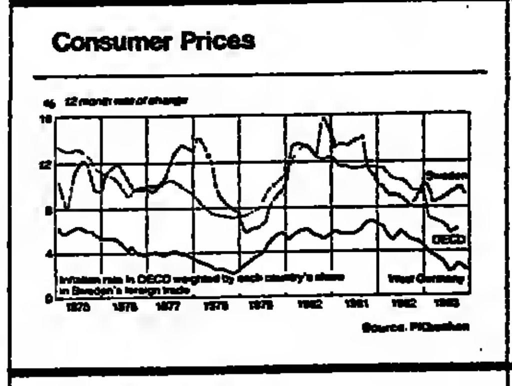
Swedish companies have won back impressive shares of their major industrial markets and industry's capacity utilisation jumped by 5 per cent in the 12 months to the end of September. For 1984, Sweden's Confederation of Industry (SI) expects industrial output to rise by 3.5 per cent helped by a further 3 per cent rise in the volume of industrial exports.

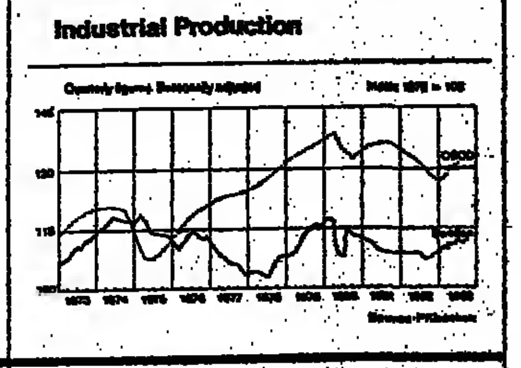
Further gains in productivity of about 3.5 per cent are expected this year, while the decline in industrial investment could finally be halted with a rise of some 5.5 per cent, according to the SI's latest forecasts.

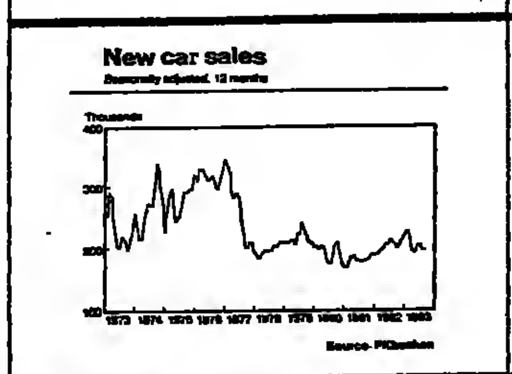
Kevin Done

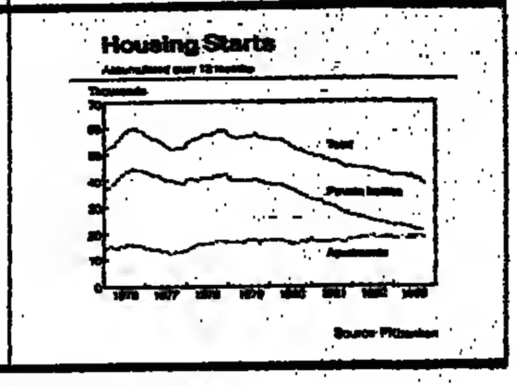












SPECIAL STEELS

Rationalising for Europe

SWEDEN'S stainless steel industry has agreed on a broad rationalisation programme which will give it significant shares of the West European market. The agreement pnts Sweden's entire special steels sector on an unusually competitive footing with its continental competitors.

Under the agreement, the Johnson Group, Sweden's largest privately-held company, is to buy up the stainless steel operations of Uddeholm and Fagersta for SKr 460m ($56m) in convertible notes and become one of the leading manufacturers of welded stainless tubing, strip and hot-rolled plate with expected sales of SKr 5bn this year.

Sandvik, tha cemented carbide and special steels group, will create a wholly-owned subsidiary, Sandvik Steel, to press forward with its prodnction of mainly seamless tubes, strip and wire, with a forecast annual turnover of SKr 3bn almost entirely for export.

Thus, the areas of over-capacity have been centralised, eliminating the competitive motive for overlapping production facilities. After losses of SKr 400m on 1982 sales of some SKr 5 bn, the steelmakers will now shut down two smelting plants and two cold-rolling mills.

The restructuring will involve major costs — not least those stemming from the layoff of 1,500 of the workforce (15 per cent) — which could reach as high as SKr 700m.

Despite the costs, the steelmakers are gambling that the cutbacks will let them reach their potential — because of heavy modernisation investments in the 1970s nearly 80 per cent of total output is now continuously cast.

Cuts in over-capacity will not affect actual output—in the stainless sector between 200,000 and 250,000 tonnes in ready-made products—for export to Europe.

Elsewhere in tha industry, tooling steel has been concentrated at Uddeholm Tooling with sales of abont SKr 1.5bn last year. Stainless strip output was earlier merged into Uddeholm Strip. Fagersta and Uddeholm share a 55-45 venture in the Klosters Speedsteel operation with sales of SKr 500m and an output of some 15,000 tonnes of high speed steel. With a 22 per cent market share, the company hopes to break even this year after extensive rationalisation.

There is some remaining competition between SKF and Sandvik in seamless tubing, and Fagersta in wire prodncts. However, ball and roller bearing production is concentrated solely at SKF. Bearing division sales were SKr 10.4bn in 1982 and SKr 12.1m at the nine-month point last year. Tha low-alloy special steel division—a market leader in bearing steel produced some 400,000 tonnes last year worth SKr 2.3bn.

The 1.3m tonnes of special steel produced last year accounted for three-quarters of steel exports in terms of value and make np 33 per cent of the total Swedish ontput. This compares with less than 14 per cent in the UK, 20 per cent in West Germany and 16 per cent on the average in the EEC.

D.B.

MECHANICAL ENGINEERING

Still awaiting an upswing

TWO OF Sweden's top mechanical engineering groups bave been slow to feel the effects of an economic upturn in the U.S. and Western Europe.

SKF, with sales of SKr 14.3bn ($1.7bn) in 1983, is the world market leader in ball and roller bearings, and is eagerly awaiting an upswing after more than a decade of declining demand from recession-hit customers in its main markets (Western Europe and the U.S.), and stiff price competition from Japanese manufacturers.

At the nine-month point, it pointed cautiously to an improvement in roller bearing demand in both top markets. However, the cost of idla capacity and short-time work have continued to take a toll on operating results—down 12 per cent to SKr 1bn for the first nine months last year. The number of employees has declined steadily since 1978 to the current 43,000.

SKF capital expenditures, np 13 per cent to SKr 463m, were aimed at new products or improved processes. These included redesigned angular contact bearings, a weight and space-saving rotary actuator, and development of a titanium-nitride coating for drills, taps and end mills in its cutting tools division.

In a turnround, Atlas Copco, with 1982 sales of SKr 7.9bn, posted a profit for operations in its third quarter. It said the economic recovery bas started to become apparent in some of its business areas. These included air power machines, construction, mining and rock drilling equipment, and hydraulic and pneumatic parts. Capital expenditures were down 35 per cent to SKr 130m.

Alfa Laval, the farm and dairy equipment manufacturer with 1982 sales of SKr 8.2bn, has managed to weather tha storm through a combination of plant shutdowns and diversification moves. Its industrial unit accounts for over half of group sales. It bas moved into the biotechnology field, and also formed a joint venture with Swedisb Match to commercialise a new system for food preservation and packaging.

D.B.

TRANSPORT

Boom in growing sector

ENGINEERING is Sweden's largest industrial sector, accounting for 45 per cent of total industrial production.

Over half of the country's engineering outpnt is sold ontside Sweden. The ten largest corporations are active internationally with some 50 per cent or 250,000 persons employed abroad. Two-thirds of all research and development spending is concentrated in this sector.

It is a world leader in the use of computer-aided design and manufacture, and bas one of the highest rates of numerically-controlled machines and industrial robots in use.

Transport equipment and mechanical engineering contribute roughly two-thirds each to the total value added in the engineering industry, equivalent to some SKr 58bn in 1982. An additional one-fifth is generated by the electrical engineering sector.

Cars and trucks

AUTOS TRUCKS AND BUSES ONE OF THE fastest growing sectors in manufacturing is the motor industry, represented by Volvo and Saab-Scania. Together these two companies make up 12 per cent of Sweden's total exports. They employ 80,000 people.

Total passenger car production was up about 13 per cent to 335,000 vehicles for the first nine months of 1983 against the same period a year earlier. This bas been the single major factor behind the devaluation-fuelled boom in the sector.

Volvo's car sales for the first nine months of 1983 were up 50 per cent to SKr 18.8bn ($2.2bn). They generated most of the increase in group profits, and represented over one quarter of total group sales. The U.S. market accounted for 37 per cent of the 267,000 vehicles sold in the first nine months.

The same applied to Saab, where over a quarter of total eight-month sales of 60,000 cars were generated in the United States. Saab has raised output levels several times in the past year, and prodnction bas grown to an annual rate of over 100,000 cars. They made up SKr 4.8bn of the total SKr 12.7bn group turnover.

Both Swedisb makers sell about three-quarters of their production abroad, and concentrate on medium to high-priced models.

Scania truck operations bave been hit by sharp drops in the Iraqi market—its single largest—and deliveries of both trucks and buses are expected to fall by 3,500 from the 1982 level of 22,500. Sales for the eight months dropped 11 per cent to SKr 4.4bn. The group is to begin assembly and marketing of buses in the U.S. this year.

Volvo truck deliveries have declined and income fell substantially due to severe price competition. Sales, at SKr 7.6bn for the first nine months, grew only 4 per cent. Volvo acquired a stake in the White Motor Corp. in tha U.S. in 1981, and bas released a partially new line of trucks for the American market.

Saab-Scania and Volvo spent a total of aboot SKr 2bn on capital investments in the sector in 1982.

Shipbuilding

SWEDISH SHIPBUILDERS for many years ranked second only to Japan. However, the tonnage built in the past 10 years bas dropped to 350,000 tonnes from 2.7m, and Sweden now accounts for only about 2 per cent of total world output.

The world surplus for tankers and other bulk carriers as well as cost advantages of Asian yards are behind the decline. Now, the industry is dominated by the state-owned Swede-Yards, and is attempting to expand in the growing offshore area, as well as in technically advanced areas such as LNG vessels, submarines and other special ships.

D.B.

King Carl Gustav signs the prototype SAAB-Fairchild 340 commuter airliner. Firm orders are nearing 100 for this Swedisb-American joint venture aircraft.

ELECTRICAL ENGINEERING

High profits and strong investment

THE HIGHLY-PROFITABLE electrical engineering sector is dominated by the heavy equipment industry but includes telecommunications products and telephone systems, computer hardware and software, domestic appliances, consumer electronic products and other electrical components.

By far the largest corporation in the sector is Electrolux, with sales of SKr 31.6bn ($3.8bn) in 1982 (75 per cent outside Sweden) one of the world's leading manufacturers of domestic appliances, as well as chain saws and commercial services for catering and cleaning. Pre-tax profits at the six-month point were up from SKr 280m to SKr 787m. The group employes more than 100,000.

Electrolux has successively rationalised its operations, including the sale early last year of the FACIT office products subsidiary, the Platzer Bygg construction unit, its Hugin Cash Registers division and the U.S. air conditioning manufacturer Emerson Quiet Kool.

The Grånges metals subsidiary took a major step in its retreat from the mining sector with the sale of its entire minerals and exploration activities in Canada last summer.

Asea, the heavy electrical engineering and electronics group, is tha country's third largest concern and Europe's leading manufacturer of industrial robots. Total group turnover in 1982 was SKr 25.8bn, and pre-tax profits at the nine-month point doubled to SKr 1.35bn. The group employs 56,000.

Research and development spending is running at an annual level of SKr 1bn, with industrial equipment and automation for the process and engineering industries considered important growth areas, together with power generation and transmission in developing countries.

Stake

The group recently launched a new generation of industrial robots with improved vision. It has also moved to acquire a major stake in the Norwegian group Aker, producing offshore drilling rigs and ships.

The LM Ericsson group is a strong force on the world telecommunications market with its successful AXE digital telephone exchanges. Pre-tax profits for the group were up 32 per cent for the first nine months to SKr 896m. Sales in 1982 were SKr 19.6bn, and the group employed 66,000.

Investments in research and development are about SKr 1.6bn annually. Ericsson raised $230m on Wall Street last year to help fund development of information systems technology, mobile radio networks and digital telephone exchanges. Ericsson estimates the world market for integrated data exchange systems for office automation and business telecommunications will double to about $24bn by 1988.

D.B.

CHEMICALS/PHARMACEUTICALS

High-technology sales growth

THE CHEMICALS sector in Sweden, including the fast-growing high-technology pharmaceutical companies, accounted for about 7 per cent of turnover for the total manufacturing sector. Of the SKr 25bn ($3bn) roughly half was value added, and 40 per cent was sold abroad.

The industry employs some 44,000 and investments average some SKr 1.5bn annually. Three-quarters of all research and development is concentrated in pharmaceuticals, the quickest-growing in recent years.

Because Sweden had no oil or gas, and few other raw materials needed for chemicals production, the industry grew around the metals and pulp producing companies, benefiting from cheap hydropower.

Tha organic industry was alow to develop, and the petrochemicals sector expanded only after the war — especially in the 1960s — but slowed again during the oil shocks of the 1970s. Today, there is only one cracking plant for ethylene in Sweden, at Stenungsund on the west coast.

Kema Nobel, the largest chemicals group in Sweden, with eighth month sales of SwKr 3.7bn last year, said last summer it plans to withdraw from the petrochemicals industry with the sale of its PVC and polyethylene plants to Norsk Hydro and Neste of Finland. The deal is to be finalised early this year for a reported total of SKr 1bn.

The group is moving to build up its presence on the North Amarican market in bleaching chemicals, used in pulp and paper production, and has become the world's second-largest sodium chlorate producer with its recent purchase of Occidental Petroleum's Columbus Mississippi plant. It is also expanding in the adhesives and paint sector in Europe.

Perstorp, the second-largest chemicals group with 1982-83 sales of SKr 2.7bn, has concluded a marketing agreement with Marion Labos of the U.S. for the sale of its Isodorb agent for treating ulcerous sores — part of a move into higher technology products including pharmaceuticals.

Competition

With close ties to the medical industry, pharmaceutical companies are claiming a growing percentage of chemicals exports with highly-specialised product ranges that allow them in many cases to avoid direct competition with the world's drug giants. The two top companies, Astra and Fortia, rank among the top ten most profitable companies in Sweden.

Astra, tha largest Swedish pharmaceuticals group, has forecast sales of SKr 3.5bn for 1983, and earnings growth of 40 per cent to SKr 600m. Capital spending was SKr 217m at the eight-month point last year. It was forced to withdraw its Zelmid anti-depressant—which accounts for 2 per cent of turnover — because of reported adverse reactions.

In 1982, Astra signed a deal with Merck under which the American drug group is undertaking clinical testing, registration and marketing of new Astra products in the U.S.

Fortia, formerly Pharmacia, which recently raised some $45m on Wall Street to help finance an 85 per cent jump in capital spending, doubled its profits in 1982 to SKr 318m. Net sales for the first-half last year were up 24 per cent to SKr 1.1bn (90 per cent abroad) with profits of SKr 206m.

The biggest sales growth has come in separation products, used by biotechnology companies, and in pharmaceuticals with both divisions up 63 per cent. In pharmaceuticals, it is leading research in anti-arthritis and cancer preparations, as well as treatment of blood outside the body.

Tha state-owned drug company KabiVitrium has taken a market lead in the production of growth hormones.

D.B.

FINANCIAL TIMES

Wednesday January 25 1984

Dutch seek EEC pact on meat exports, Page 28

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WALL STREET

Response to results still muted

ANOTHER disturbingly weak Wall Street session saw a flood of corporate profit announcements again fail to find much of a response from investors, *writes Terry Byland in New York.*

Confidence in prospects for lower interest rates was on the wane, with the bond market sluggish while awaiting the announcement, expected next Wednesday, of the Treasury's funding plans for the next quarter.

The stock market tried to rally and was helped in early trading by IBM, which added $3⅝ to $117. But sellers remained much in evidence, and trading was brisk.

The market rallied in the afternoon and leading stocks edged higher for a time. However selling intensified as the session approached its close. The Dow Jones industrial average ended at net 1.57 down at 1242.88. Turnover, boosted by the late selling bout, totalled 103m shares, about 10 per cent higher than on Monday.

The current bout of weakness in the stock market appears to reflect a reversal of opinion on the two points which sustained stock prices at the end of December. The prospects for a dip in interest rates in the short-term are vanishing, while the market's inability to benefit from excellent corporate results becomes clearer daily.

The oil stock sector was caught in the middle of its corporate reporting season by the announcement that a Royal Dutch Petroleum unit is offering to buy up the outstanding equity in Shell Oil, its U.S. subsidiary still publicly held.

Shell was suspended at $44 on the news but later returned to trade a $54⅛, a net $10⅛ up. Shell Transport and Trading, the Royal Dutch operating subsidiary, was suspended at $34⅛ but returned at $35¾ while Royal Dutch, the holding company, reopened after the announcement at $49⅝ a net $1⅞ up.

Exxon, 5⅜ up at $39, made little response to its announcement of results for 1983. Atlantic Richfield added $1½ to $45⅞ on its own figures and Standard Oil of California at $35⅝ was a shade higher, also on 1983 profits news.

Head of the list of active stocks was Merrill Lynch, the largest U.S. stock market concern, which fell $1 to $31½ in heavy selling. Merrill returned a loss of $42.1m for the final quarter of last year, the first quarterly loss since the company went public 13 years ago.

Among takeover issues, stock in Getty Oil gained $3¾ to $120 after Texaco's disclosure of increased bid terms. Gulf Oil, a recent takeover favourite, added $1⅞ to $49½.

On the American Stock Exchange the technology sector continued to see selling pressure. Hardest hit was Tie Communications, $2⅛ lower at $22⅞. Domestic energy issues also saw active trading. Dorchester Gas edged up by $⅛ to $21⅞.

In the credit market, retail investors backed away as doubts over the next bout of Treasury funding began to circulate. At the short end of the range, yields were adjusted downwards by a few basis points to line up with the rates at this week's auction of Treasury securities.

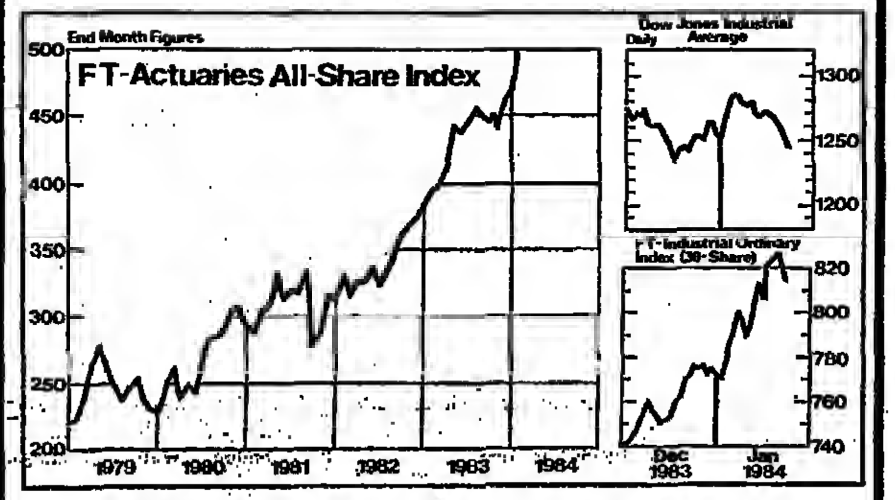
At 8.90 per cent, three-month Treasury bills were discounted four basis points lower than overnight while the six-month bill at a discount of 6.98 per cent, showed a fall of two basis points.

Investors are at present unwilling to move towards longer-dated securities because of the doubt over inflation and the federal deficit.

The bond market was lifeless, with the key long bond quoted at 102²⁹⁄₃₂, barely changed from overnight and yielding 11.67 per cent.

Next month's Treasury funding will be in the $15bn to $16bn range and several market commentators have said that they expect the funding to display a move towards higher rates and yields. An immediate hurdle for the market is the auction today of $8.24bn in two-year Treasury notes. The outcome of the auction will set the trend for short-term rates in the near term.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 24	Previous	Year ago
DJ Industrials	1242.88	1244.45	1030.17
DJ Transport	585.29	587.70	442.90
DJ Utilities	131.80	130.83	123.57
S&P Composite	165.94	164.87	139.97
LONDON			
FT Ind Ord	824.90	814.90	614.20
FT-A All-share	496.66	494.50	389.30
FT-A 500	430.99	528.17	423.67
FT-A Ind	486.18	484.47	396.47
FT Gold mines	524.90	541.30	813.40
FT Govt secs	82.91	82.74	77.21
TOKYO			
Nikkei-Dow	10,022.92	10,070.98	7833.99
Tokyo SE	760.93	763.17	575.95
AUSTRALIA			
All Ord.	771.60	777.60	537.60
Metals & Mins.	529.00	533.50	477,70
AUSTRIA			
Credit Aktien	55.45	55.63	49.71
BELGIUM			
Belgian SE	145.90	143.78	105.97
CANADA			
Toronto Composite	2526.2	2540.20	1977.50
Montreal Industrials	441.1	444.31	342.78
Combined	424.83	427.16	329.38
DENMARK			
Copenhagen SE	223.62	225.10	104.25
FRANCE			
CAC Gen	171.80	168.00	104.10
Ind. Tendance	112.00	109.20	63.20
WEST GERMANY			
FAZ-Aktien	360.78	363.66	241.92
Commerzbank	1065.60	1074.30	738.30
HONG KONG			
Hang Seng	1035.28	1055.81	879.60
ITALY			
Banca Comm.	217.66	219.68	180.48
NETHERLANDS			
ANP-CBS Gen	170.00	170.90	103.10
ANP-CBS Ind	142.00	143.20	87.90
NORWAY			
Oslo SE	239.74	243.44	116.39
SINGAPORE			
Straits Times	1039.56	1040.61	759.84
SOUTH AFRICA			
Golds	n/a	810.90	977.20
Industrials	n/a	957.60	821.30
SPAIN			
Madrid SE	109.00	109.00	85.80
SWEDEN			
J & P	1537.25	1531.93	1013.13
SWITZERLAND			
Swiss Bank Ind	378.00	380.90	294.80
WORLD	Jan 20	Prev	Yr ago
Capital Int'l	185.40	187.20	154.90

GOLD (per ounce)

	Jan 24	Prev
London	$365.125	$371.375
Frankfurt	$365.25	$371.50
Zürich	$365.25	$371.25
Paris (fixing)	$364.88	$372.41
Luxembourg (fixing)	$364.75	$371.50
New York (Jan)	$366.50	$365.90

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Jan 24	Previous	Jan 24	Previous
$	–	–	1.4010	1.4065
DM	2.8210	2.8105	3.9550	3.955
Yen	234.25	233.8	328.50	329.0
FFr	8.6250	8.5925	12.08	12.0825
SwFr	2.2440	2.235	3.1450	3.145
Guilder	3.1755	3.163	4.45	4.45
Lira	1717	1711.50	2405	2406.5
BFr	57.64	57.4	80.75	80.75
C$	1.24775	1.24575	1.7470	1.7515

INTEREST RATES

Euro-currencies (offered rate)	Jan 24	Prev
£	9⅛	9½
SwFr	3¹¹⁄₁₆	3¾
DM	8	8
FFr	13½	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅞	9⅞
6-month U.S.$	10¹⁄₁₆	10¹⁄₁₆
U.S. Fed Funds	9½	9⅝
U.S. 3-month CDs	9.40	9.40
U.S. 3-month T-bills	8.91	8.9250

U.S BONDS

Treasury	Jan 24* Price	Jan 24* Yield	Prev Price	Prev Yield
10⅞ 1985	100¹⁹⁄₃₂	10.59	100¹⁷⁄₃₂	10.57
11⅝ 1991	101⅜₂	11.52	100 ⅜₂	11.52
11.75 1993	100²⁴⁄₃₂	11.61	100²⁷⁄₃₂	11.60
12 2013	102¹⁷⁄₃₂	11.69	102²¹⁄₃₂	11.68
Corporate	**Jan 24* Price**	**Yield**	**Prev Price**	**Yield**
AT & T 10⅜ June 1990	93½	11.80	93½	11.80
3⅞ July 1990	68⅝	10.75	86⅝	10.75
8¾ May 2000	75¾	12.20	75¾	12.20
Xerox 10⅞ March 1993	92½	12.00	92½	12.00
Diamond Shamrock 10⅞ May 1993	91⅝	12.10	91⅝	12.10
Federated Dept Stores 10⅞ May 2013	86	12.40	86	12.40
Abbot Lab 11.80 Feb 2013	95¼	12.40	95¼	12.40
Alcoa 12¼ Dec 2012	96	12.80	96	12.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	71–07	71–13	71–05	71–08
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.00	91.06	90.98	90.99
Certificates of Deposit (IMM) $1m points of 100%				
March	90.34	90.42	90.31	90.33
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.15	90.18	90.12	90.11
20-year Notional Gilt £50,000 32nds of 100%				
March	108–27	109–00	108–17	108–14

COMMODITIES

(London)	Jan. 24	Prev
Silver (spot fixing)	569.80p	587.55p
Copper (cash)	£963.75	£987.50
Coffee (Jan)	£2077.50	£2110.00
Oil (spot Arabian light)	$28.67	$28.65

EUROPE

Paris defies downward pressures

THE REVERSAL which set in late on Monday in New York and London took its toll yesterday on bourse share values – with the notable exception of **Paris**, where a busy start to the monthly account produced vigorous and widespread gains.

The advance was believed to be attributable mainly to technical factors associated with the start yesterday of the new trading period, amid a sustained high level of liquidity being drawn from year-end interest on bonds, rather than spurred by the sentiments on investment and exchange controls expressed later in the day by M Jacques Delors, the Finance Minister.

Stocks suspended because of insufficient selling orders ran well into double figures, and the CAC Générale index reached a record 171.8, up 3.8.

Bic put on FFr 17 to FFr 427 on its higher 1983 turnover, Matra FFr 150 to FFr 1,900 and l'Oréal FFr 89 to FFr 2,399.

The only other focus of strength was **Stockholm**, despite conflicting views on the likelihood of a cut in domestic interest rates and a revaluation of the krona.

Strong turnover in part reflected particular foreign interest in Volvo: ahead of results due today, it added SKr 9 to SKr 455. This was in the face of a continued suspension of dealings in its Scandinavian Trading (STC) subsidiary, where a setback in performance is feared by some.

Frankfurt, however, was among those to follow Wall Street's lead downward as attempts at a rally faltered, but most ended off the day's lows.

Profit-taking among the car makers showed BMW DM 4.50 off at DM 423, but banks held up well – Deutsche eased just 20 pfg at DM 373 after slipping to DM 371.

A thin but steady bond market allowed the Bundesbank to buy just DM 5.8m in paper.

Royal Dutch traded strongly in an otherwise weak **Amsterdam** before its suspension at Fl 151.20, up Fl 1.10. Elsewhere Elsevier shed Fl 5 to Fl 570. Bonds languished.

Thin **Brussels** volume left a cautiously firm outcome, with Petrofina up BFr 120 at BFr 6,900 but Wagons Lits down BFr 140 to BFr 2,160. An active but nervous **Zurich** took Sandoz SwFr 125 lower at SwFr 7,300, while the bond market was also depressed.

Copenhagen moved cautiously lower as the Danish coalition resubmitted its budget proposals, while **Milan** weakness included a dip of L60 by Fiat at L3,820 ahead of its results. Bonds there held firm, however. **Madrid** was steady, with strength in steels.

AUSTRALIA

A SHARP fall in the gold price and Wall Street's overnight setback triggered a widespread downturn in Sidney yesterday, with BHP, 25 cents off at A$13.60, leading the decline. The All Ordinaries index retreated 5.5 to 772 with falls outnumbering advances by a four to three margin.

Diversified base metal miners fared well in comparison with goldmining losses while leading oil and gas shares eased. Santos lost 12 cents to A$7.82

SOUTH AFRICA

AN INCREASE in value added tax from 6 to 7 per cent and the weaker bullion price hit leading shares in Johannesburg yesterday.

Industrials did not relish the news, with Barlow Rand 30 cents weaker at R13.15 and SA Breweries 15 cents down at R7.05.

Golds took a battering, with Buffels R3.20 off at R55.80 and Anglo American Gold R2 lower at R127. Rustenburg Platinum, which raised pre-tax profits to R85.2m from R58.6m in the six months to end December, failed to impress and shed 30 cents to R12.75.

TOKYO

Ground lost across wide range

A PLUNGE came in Tokyo stock prices yesterday as investors, discouraged by the sharp setback on Wall Street overnight, tended to take a wait-and-see attitude, *writes Shigen Nishiwaki of Jiji Press.*

Blue chips and leading speculatives lost ground almost across the board, with market attention centring on the fate of the 50 per cent of Mitsubishi Oil's outstanding shares held by Getty Oil of the U.S. amid its takeover bid from Texaco.

The Nikkei-Dow market average of 225 select issues, the main market barometer, fell for the third consecutive day to close at 10,022.92, off 48.06 from the previous day and only just holding above 10,000.

Trading volume increased slightly to 323.5m shares from Monday's 265.95m, which was the lowest since December 19. Declines outnumbered advances 476 to 284, with 147 issues unchanged.

The market was dominated by speculation that the Mitsubishi group might repurchase all its shares owned by Getty or that they might be bought by Caltex, a subsidiary of Standard Oil of California and Texaco.

Mitsubishi Oil dropped Y10 to Y504 at one point after moving erratically, but closed at a high for the day of Y550, up Y38. Volume reached 20.79m shares, second only to Nippon Steel with 24.8m shares.

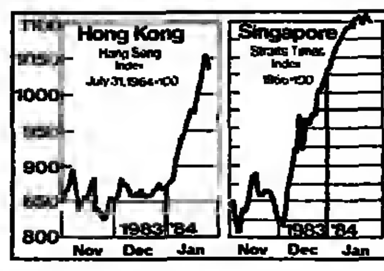
Large-capital steel, electric power and gas issues were traded briskly. Nippon Steel rose Y1 to Y180, Tokyo Electric Power Y30 to Y1,270 and Osaka Gas Y5 to Y166.

Blue chips remained unpopular, with no foreign buying expected for the time being in view of the continued dullness on Wall Street. NEC lost Y10 to Y1,440

After the market close, the Tokyo stock exchange announced that the balance of margin purchases on the Tokyo, Osaka and Nangoya stock exchanges continued to rise last week, adding Y25.6bn over the previous week to Y2,246.4bn.

This could act to pull the Dow average below the 10,000 mark.

Both buying and selling shrank further on the bond market. The yield on the benchmark 7.5 per cent long-term government bonds, maturing in January 1993, edged up to 7.44 per cent from Monday's 7.43 per cent.



SINGAPORE

SELLERS gained the upper hand in Singapore as Wall Street's setback demanded a pause in wbat operators still maintained was a strongly underpinned market.

The Straits Times industrial index crept 1.05 backward to 1,039.56, and a further indication of solidity was to be found in a near-halving of trading volume to 12.4m shares from Monday's 23.6m.

Moreover, Pegi, – the most active on 2.65m shares – managed a 7 cent gain at S$2.12. But OCBC shed 20 cents to S$11.40 and L&M 12 cents to S$4.38.

HONG KONG

THE HEADY rise in Hong Kong – 184 points since the start of the year, as measured on the Hang Seng index – gave way to an expected downward correction which clipped 20.53 off the index at 1,035.28.

The undertone continued to be viewed as bullish, however, and leading issues showed setbacks of no great magnitude.

Cheung Kong slipped 30 cents to HK$9.15.

CANADA

FURTHER setbacks in base metal issues weakened a fragile **Toronto** market as gold stocks also entered the list of casualties. The oil and gas sector offered some resistance to the pressure but nonetheless incurred substantial declines.

Industrials fared poorly in **Montreal** with continued weakness evident in utilities and papers.

LONDON

Force for revival is transatlantic

EQUITIES rebounded in London yesterday as revived U.S. demand for blue chips helped erase most of the previous session's losses. The FT Industrial Ordinary share index closed 10 points higher at 824.9.

Hawker Siddeley joined the current list of transatlantic favourites and featured with a jump of 16p to 408p, after touching 416p, while American support was also responsible for more modest gains among index constituents.

Trading statements resulted in several noteworthy advances, while speculative interest was enlivened by bid discussions between Associated Leisure and Pleasurama.

Recovery hopes spurred the engineering sector, while in oils the focus of interest was the temporary suspension of Royal Dutch at £34 and Shell at 623p before the announcement that Shell NV is offering to buy the outstanding minority in Shell Oil of the U.S.

Gilt-edged securities gave an uninspiring performance although quotations tended firmer in sympathy with the financial futures market. Longs improved up to ⅜ and shorts closed marginally harder.

Details, Page 23; Share Information Service, Pages 24–25

MEXICO

A DRAMATIC rally emerged on the Mexican stock exchange after the Bank of Mexico announced a significant drop in interest rates, *writes William Chislett in Mexico City.*

The 42-stock price index rose 224 points to an all-time high of 3,103.38, an increase of 7.7 per cent.

Inflation is expected to be halved this year to around 40 per cent.

Expectations are also being fuelled by an announcement due from the Government shortly on its policy of returning to the private sector the shares held by the nationalised banks in some 400 companies.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	6⅞	AAR	.44	2.4	22	64	18⅛	17⅞	18⅛	+⅛
52¼	30½	ACF	1.40	3.3	204	1842	44⅛	42½	42⅞	−1⅛
22	18¼	AMCA	n			32	20⅞	20⅛	20⅞	−⅛
18⅝	14¼	AMF	.50	3.1		957	16	15¾	16	+⅛
41¾	18½	AMR Cp			17	3089	38½	37⅞	37⅞	−⅜
19¾	16⅝	AMR	pf2.19	11.		32	19⅝	19½	19½	
41⅜	24⅞	AMR	pf2.13	5.6		39	38½	38	38	−⅛
16¼	3⅞	APL			23	72	13⅝	13⅛	13¼	−⅛
55⅛	33¾	ARA	2.05	3.9	12	125	52½	52¼	52½	
78¼	50⅝	ASA	3a	5.5		233	54¾	54⅛	54¾	+⅜
33⅜	14⅛	AVX	s .32	1.3	37	412	24¼	23⅞	24⅛	+¼
53⅝	38⅞	AbtLab	1	2.2	19	1563	45⅛	44¾	44¾	−⅛
30¼	23¾	AccoW	n .60	2.1	20	512	28⅛	27¾	28	−⅛
27½	17⅛	AcmeC	.40	1.5		563	27	26½	27	+½
14⅞	8⅞	AcmeE	.32b	2.6	78	46	12½	12	12⅛	+⅛
24⅞	8⅝	AdmDg	.04	.2	13	24	17	17	17	−⅛
18¼	15	AdaEx	2.11e	13.		153	16⅝	16⅝	16⅝	+⅛
19¾	7¼	AdmMl	.24	1.4	8	22	16⅞	16¾	16⅞	−⅛
18⅝	9⅜	Advest	.12	1.1	10	158	11⅜	11	11⅜	+⅛
37½	15½	AMD	s		42	2041	35⅛	34¼	34⅝	+¼
24⅛	13⅞	Aeflex	s		16	284	16¼	15¾	15¾	−½
43½	32⅞	AetnLf	2.64	7.3	9	1260	36⅛	35¾	36	+½
65	55⅛	AetL	pf5.09e	9.0		1051	57	56¼	56⅞	−⅛

Continued on Page 21

هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 22

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

CANADA

Stock	Jan. 23	Jan. 20
AMCA Intl.	26	26¼
Abitibi	26½	27½
Agnico Eagle	15¾	16¾
Alberta Energy	19¼	19⅝
Alcan Aluminium	46	47⅝
Algoma Steel	29½	30¼
Asbestos	10⅞	10⅞
Bank Montreal	28	28
Bank NovaScotia	14½	14⅞
Bell Canada	31¾	32¼
Bombardier	12½	18½
Bow Valley	24¼	24½
BP Canada Res.	23	22½
Brascan A	40¾	41¾
Brinco	2.03	2.90
B.C. Forest	14¼	14½
CIL Inc	32¾	32⅝
CadillacFairview	10¾	10⅞
Campbell Red Lk	30½	31⅛
Can. Cement Pf.	16¼	18
Can. NW Energy	31½	31⅞
Can. Packers	29½	30
Can. Trustco	48¾	40⅞
Can.Imp.Bank	30⅝	31
Can. Pacific	51½	52½
Can. Pac. Ents.	24¾	25
Can. Tire A	12¾	13
Carling O'Kfe.	22⅜	22½
Chieftain	15⅞	14
Cominco	21¼	63
Cons. Bathst. A	20	29
Copper Lake	2.23	2.90
Coseka Res.	4.05	3.90
Costain	10⅝	10⅝
Denison Mines	45	45½
Dofasco	20¼	20½
Dome Mines	15½	13⅝
Dome Petroleum	4.05	4.13
Dominion Strs.	19⅞	19⅞
Domtar	34¾	34¼
Falconbridge	72½	73½
Genstar	22¼	28¾
Giant Y'knife	21	21¾
Gt. West Life	2.75	2.73
Gulf Canada	17⅝	17¾
Hawker Sid. Can.	19⅝	19⅝
Hudson's Bay	23¾	23⅛
Husky Oil	10⅝	10½
Imasco	34⅞	36
Imperial Oil A	34⅝	36¾
Inco	17½	18½
Indal	13½	13¾
Int. Pipe	34½	30½
LAC Minerals	30	30⅞
Macmil. Bloedel	33½	34¼
Marks & Spencer	15¼	15⅝

DENMARK

Jan. 24	Price Kr. %	+ or −
Aarhus Olie	477	+12
Andelsbanken	353	
Baltica Skand	680	+3
CopHandelsbank	624	−8
D. Sukkerfab	816	
Danske Bank	363	−7
East Asiatic	203	−7
Forenede Brygg.	1,235	
Forenede Damp.	180	
GNT Hldg.	680	
I.S.S.B.	700	
Jyske Bank	745	
Novo Ind	2,920	−25
Privatbanken	355	−11
Provinsbanken	363	−7
Smidth (F)	286	−5
Sophus Berend.	1,350	+10
Superfos	620	+9

FRANCE

Jan. 24	Price Frs.	+ or −
Emprunt 4½% 1973	1,851	−8
Emprunt 7% 1973	9,175	−40
CNE 3%	9,245	+7
Air Liquide	570	+18
BIC	427xc	+17
Bouygues	299	+10
BSN Gervais	9,845	+85
CIT Alcatel	1,448	−20
Carrefour	1,488	−07
Club Mediter'n	215	−8
CFAO	593	−5
Cie Bancaire	494	+28
Cofimeg	228.8	+3.8
Creusot Loire	53	+4.2
Darty	295	+38
Dumez	890	+15
Eaux (Cie Gen)	590	+9
Elf Aquitaine	203	+7.2
Gen. Occidentale	671	+11
Imetal	84	+2.5
Lafarge Coppee	329	+8
L'Oreal	2,399	+89
Legrand	2,940	+120
Maisons Phenix	354.5	+14.5
Matra	1,200	+150
Michelin B	1,030	+51
Midi (Cie)	1,481	+20
Moet-Hennessy	1,523	+33
Moulinex	108	+1
Nord Est	53	+1.9
Pernod Ricard	801	+21
Perrier	559	+10
Petroles Fra.	212.5	+8.5
Peugeot S.A.	252.5	+9
Porcelain	70	−1
Printemps Au.	156.6	+3.5

NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · ITALY · GERMANY · AUSTRIA · BELGIUM/LUXEMBOURG · AUSTRALIA · HONG KONG · SINGAPORE · SOUTH AFRICA · JAPAN · JAPAN (continued)

Canada *Canada closing prices are not available for this edition because of technical problems.*

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

	Jan. 23	Jan. 20	Jan. 19	Jan. 18	Jan. 17	Jan. 16	1983-84 High	1983-84 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	1244.45	1259.11	1266.02	1260.57	1271.46	1187.5	1287.20 (29/11)	1027.04 (3/1/83)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	71.13	71.25	71.24	71.10	71.03	70.96	77.84 (6/5)	60.85 (3/8)	—	—
Transport.	587.79	596.45	602.77	603.79	603.05	600.54	612.65 (9/1/84)	434.24 (3/1/83)	612.65 (9/1/84)	12.32 (8/7/32)
Utilities	130.85	130.39	130.92	131.31	131.65	130.35	140.70 (31/1)	118.51 (3/1/83)	166.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	82,010	88,560	98,346	92,75	92,75	83,79	—	—	—	—

♦ Day's high 1259.42 (1270.94) low 1240.05 (1252.30)

	Jan. 6	Dec. 30	Dec. 23	Year ago (approx)
Industrial div. yield %	4.23	4.48	4.51	5.03

STANDARD AND POORS

	Jan. 23	Jan. 20	Jan. 19	Jan. 18	Jan. 17	Jan. 16	1983-84 High	1983-84 Low	Since Compil'tn High	Since Compil'tn Low
Industr'ls	185.82	187.45	188.5	188.8	180.18	188.46	194.84 (15/10)	154.83 (3/1/83)	194.84 (15/10/83)	3.62 (30/6/32)
Compo'site	164.87	166.21	167.04	167.55	167.83	167.10	172.65 (14/10)	138.34 (3/1/83)	172.65 (10/10/83)	4.40 (1/6/32)

	Jan. 11	Jan. 4	Dec. 28	Year ago (approx)
Industrial div. yield %	3.68	3.70	3.72	4.35
Industrial P/E ratio	13.74	13.64	16.57	11.30
Long Gov. Bond yield	11.66	11.74	11.76	10.41

N.Y.S.E. ALL COMMON

Jan. 23	Jan. 20	Jan. 19	Jan. 18	1983-84 High	1983-84 Low
95.32	96.13	96.40	87.02	99.63 (10/10)	80.92 (24/1/83)

Rises and Falls	Jan. 23	Jan. 20	Jan. 19
Issues Traded	2,020	2,007	2,016
Rises	409	563	694
Falls	1,254	1,012	888
Unchanged	357	442	434
New Highs	90	12	59
New Lows	28	38	14

MONTREAL

	Jan. 23	Jan. 20	Jan. 19	Jan. 18	1983-84 High	1983-84 Low
Industrial	441.51	449.50	449.14	449.23	488.90 (26/9)	351.16 (4/1/83)
Combined	432.15	432.14	441.83	451.44	[illegible]	[illegible]
TORONTO Composite	2548.2	2572.5	2588.5	2575.3	2598.2 (28/9)	1949.8 (4/1/83)

New York closing indices were not available for this edition because of technical problems.

	Jan. 24	Jan. 23	Jan. 20	Jan. 18	1983/84 High	1983/84 Low
AUSTRALIA						
All Ord. (1/1/80)	771.5	777.8	781.5	778.8	787.9 (9/1/84)	487.8 (4/1/83)
Metals & Minls. (1/1/80)	528.0	535.5	541.2	559.2	614.2 (6/9)	411.2 (4/1/83)
AUSTRIA						
Credit Aktien (2/1/62)	55.45	55.65	55.56	55.60	63.5 (5/5)	48.46 (15/2)
BELGIUM						
Belgian SE (31/12/63)	145.50	143.78	144.84	146.88	146.88 (16/1/84)	108.50 (4/1/83)
DENMARK						
Copenhagen SE (3/1/83)	223.62	225.16	225.21	220.24	225.21 (20/1/84)	100.00 (3/1/83)
FRANCE						
CAC General (31/12/82)	171.6	168.8	167.5	168.4	171.8 (24/1/84)	98.1 (3/1/83)
Ind Tendance (30/12/83)	112.8	108.2	109.0	108.7	112.8 (24/1/84)	98.4 (3/1/84)
GERMANY						
FAZ-Aktien (31/12/58)	360.79	355.96	358.5	357.78	363.66 (23/1/84)	241.80 (25/1/83)
Commerzbank (1/12/53)	1065.6	1074.3	1065.6	1057.2	1074.6 (23/1/84)	727.5 (25/1/83)
HONG KONG						
Hang Seng Bank (31/7/64)	1035.28	1055.21	1054.08	1021.40	1102.84 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	217.86	219.68	215.02	210.55	221.86 (20/1/84)	160.45 (15/1/83)
JAPAN**						
Nikkei-Dow (16/5/49)	10022.2	10071.0	10104.0	10036.4	10156.57 (17/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	780.95	785.17	764.45	763.26	764.45 (20/1/84)	574.51 (25/1/83)
NETHERLANDS						
ANP-CBS General (1970)	170.0	170.9	168.2	168.8	170.9 (23/1/84)	106.1 (4/1/83)
ANP-CBS Indust (1970)	142.0	143.2	142.1	142.6	143.2 (23/1/84)	83.5 (4/1/83)
NORWAY						
Oslo SE (4/1/83)	238.74	243.44	243.29	238.71	243.44 (23/1/84)	89.01 (4/1/83)
SINGAPORE						
Straits Times (1966)	1039.96	1048.61	1044.44	1038.58	1044.44 (20/1/84)	712.29 (8/1/83)
SOUTH AFRICA						
Gold (1958)	(u)	810.3	815.8	812.8	1008.5 (1/2)	661.4 (1/11)
Industrial (1958)	(u)	967.8	969.7	973.5	1008.4 (9/1/84)	704.8 (6/1/83)
SPAIN						
Madrid SE (30/12/83)	108.00	(c)	109.0	108.25	108.0 (20/1/84)	100.00 (30/12/83)
SWEDEN						
Jacobson & P. (1/1/58)	1537.25	1531.93	1524.2	1516.87	1537.25 (24/1/84)	896.18 (5/1/83)
SWITZERLAND						
SwissBankCpn. (31/12/58)	378.0	380.9	385.6	384.2	389.7 (3/1/84)	284.4 (4/1/83)
WORLD						
Capital Intl. (1/1/70)	—	185.4	186.6	187.2	187.2 (20/1/84)	114.8 (4/1/83)

** Saturday January 21: Japan Nikkei-Dow 10,088.0. TSE 763.82.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

MARKET REPORT

U.S. demand for selected leaders prompts good rally

Index rebounds 10 points to 824.9

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20
Feb 13	Feb 23	Feb 24	Mar 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets rebounded sharply yesterday following a revival of U.S. demand for selected blue chips. Hawker Siddeley joined the current list of transatlantic favourites and featured with a jump of 16 to 408p, after 416p, while American support was also partly responsible for more modest gains in Bowater and ICI.

Most other leading shares were lowered a few pence initially in the wake of Wall Street's further overnight setback. The resurgence of U.S. buying, however, helped to create fresh confidence and a recovery movement soon ensued. The volume of business was relatively small, but quotations were quick to respond to occasional demand and fall of 0.8 in the Financial Times Industrial Ordinary share index at the 10 am calculation was replaced by a rise of 4 points an hour later. Thereafter, prices edged progressively higher and the index closed at the day's best with a rise of 10 points at 824.9, thus almost erasing Monday's fall of 12 points.

Elsewhere, speculative interest was enlivened by news of the bid discussions between Associated Leisure and Pleasurama, while company trading statements resulted in several noteworthy movements.

Of the sectors, Engineers showed to particular advantage following a revival of demand on recovery hopes. The temporary suspension of Royal Dutch at £34, and Shell at 623p, in the late dealings provided a major talking point in the Oil market; it was subsequently announced that Shell NV is making an offer of $55 per share for the 30 per cent outstanding minority in Shell Oil of the U.S. Dealings are expected to restart today in Shell at around 632p and Royal Dutch at £34¼.

Overshadowed by sterling's fall against the dollar and continuing uncertainty about short-term U.S. interest rates, Gilt-edged securities gave an uninspiring performance. Most of the day's activity was confined to routine switching, although quotations trended firmer in sympathy with the financial futures market. Long-dated stocks recorded gains ranging to ¼ and short-dated issues closed a fraction harder. The announcement afterhours of further funding by way of three taplets amounting to £500m made little impact.

Sedgwick dull

In Insurances Sedgwick, succumbed to nervous selling and dropped to 237p before closing a net 7 down on balance at 240p following news of a High Court case in which the company is alleged to have withheld crucial information from underwriters who face multi-million pound claims over the disastrous Australian bush fires of last year.

Elsewhere in Lloyds Brokers, Hogg Robinson, firmed 5 to 148p with the help of currency considerations. Life issues improved in places with Pearl up 7 at 884p and Prudential closing 6 to the good at 500p.

Gerrard and National improved 3 more to 335p, after 338p, awaiting further news of the bid approach; it was revealed yesterday that the Kuwait Investment Office has increased its stake in the group to just over 8 per cent. Interest elsewhere in the Discount House sector waned after Monday's excitement. Alexanders gained 8 afresh to 408p on further consideration of the results but Union relinquished 10 to 750p ahead of today's preliminary statement. The major clearers rallied. NatWest at 735p, recorded an above-average rise of 20, while Barclays put on 5 to 548p. Elsewhere, Minster Assets, in which a large shareholding recently changed hands, moved up 4 to 121p on revived speculative support.

Grosvenor Square Properties staged a successful debut in the Unlisted Securities Market; the shares opened at 94p and moved up to 98p compared with the placing price of 91p.

Breweries attracted steady institutional interest after-hours and finished at the day's best. Grand Metropolitan, marked down to 330p earlier, rallied smartly to close a net 7 dearer at 342p, while Whitbread, 136p, and Bass, 318p, hardened 3 apiece. Elsewhere, Distillers returned to favour following a broker's visit and advanced 9 to 262p; the company is currently involved in talks with Esmark of Chicago regarding the purchase by Distillers of Esmark's stake in Somerset Importers of New York, the sole U.S. importers of Johnnie Walker whisky.

Leading Buildings, easier at the outset, picked up in the absence of selling to close on a firm note. Blue Circle shrugged aside suggestions that a cement price increase might be some way off and improved 5 to 438p. Elsewhere, renewed support lifted John Mowlem 6 to 218p and Taylor Woodrow 5 to 645p. Brown and Jackson attracted revived speculative interest and put on 4 to 23p, but Heywood Williams encountered profit-taking and came back 4 to 139p. Timber issues usually eased, Magnet and Southerns losing 6 to 150p and recently firm Meyer International a penny to 148p. The increased interim profits and dividend failed to support Trent Holdings which closed 3 cheaper at 76p.

ICI, easier initially in line with other blue chip equities, picked up on revived U.S. demand to close 6 dearer on balance at 632p.

Frasers wanted

Activity in leading Stores was dominated by a fresh burst of speculative excitement in House of Fraser. Firm from the outset on talk of a possible trading link with giant U.S. mail-order concern Sears Roebuck, Fraser responded to steady demand and finished a net 14 dearer at 264p amid vague rumours that Lonrho was about to sell its near-30 per cent holding to Daniel K. Ludwig who would then purchase Globe Investment Trust's non-disclosable stake and launch an offer for the remaining Fraser equity. Lonrho closed 4 up at 119p.

Other major Retailers were generally subdued with movements restricted to a penny or two either way. Late support was evident for Raybeck, which hardened 2 to 39p; last year the interim results were announced on January 7. Similarly quiet conditions prevailed among secondary Stores. Courts Furnishers A eased a few pence to 135p despite the near-28 per cent expansion in mid-term profits, but Bolton Textile continued to attract scattered support and hardened 2 for a two-day gain of 6 at 25p.

Strong and Fisher continued to shrug off adverse weekend comment and with sentiment still boosted by Mr Asil Nadir's newly acquired holding, the shares touched 218p before settling 18 up on balance at 208p. Stylo firmed 6 to 311p.

Secondary Electricals were featured by a jump of 14 to 210p in Crystalate on the proposed sale of its china and ceramic interests. Microgen, dealt in the Unlisted Securities Market, advanced 25 to 465p in response to the excellent interim statement and proposed plan to apply for a full Stock Exchange listing. Louis Newmark moved up 15 more to 215p awaiting tomorrow's half-yearly statement.

A resurgence of institutional buying on recovery hopes helped Engineering leaders close at, or very near, the day's best levels. Apart from Hawker, GKN were well supported and closed 9 better at a new 1983-84 peak of 203p with sentiment here additionally helped by details of the Sankey British Army contract worth £150m. Babcock rallied on 8 to 173p, while TI, 198p, and Vickers, 137p, rose 4 apiece. Elsewhere, J. Saville Gordon reflected the first-half profits upsurge with a gain of 4 at 76p. W. G. Allen firmed the same amount to 40p following buying ahead of tomorrow's interim statement but Meggitt softened a penny to 55p on the results.

The Food sector featured recently neglected Rowntree Mackintosh which met with revived support, some of which was of a speculative nature, and rose 10 to 232p. Tate and Lyle improved 5 to 410p and Northern Foods firmed 4 to 194p. S. and W. Berisford hardened a couple of pence to 211p; the preliminary results are due next Tuesday. Retailers made fresh progress after favourable comment, Associated Dairies adding 4 to 156p and J. Sainsbury a couple of pence to 475p. Hillards, however, shed 6 to 274p on second thoughts about the interim results. Elsewhere, Glass Glover put on 20 to 270p in response to the increased preliminary profits and proposed one-for-three scrip issue, while Somportex gained 6 to 41p following much-improved first-half figures. Bassett gained 9 to 99p in the late dealings; the company has been notified that Avana intends to make an offer for the Ordinary shares.

Rank Org. good

Standing a few pence harder immediately in front of the results, Rank Organisation advanced sharply on them to close 13 higher at 218p following news of the 25 per cent dividend increase and satisfactory annual profits. Associated concern, A. Kershaw jumped 30 to 210p in sympathy. Elsewhere in miscellaneous industrials Reed International rose 12 to 438p on buying ahead of next Tuesday's third-quarter statement, while Bowater reflected revived U.S. bid hopes with a rise of 4 to 289p, after 290p. Discouraging reports on short-term prospects emanating from an analysts meeting with the company on Monday depressed Beecham which touched 305p at one stage before closing 8 down on balance at 315p. Speculative support fuelled by revived suggestions of a bid from J. Bibby helped Pauls and Whites jump 18 to 263p, while Powell Duffryn improved 13 to 295p on recovery hopes. UKO International gained 7 to 118p following renewed support. Lep advanced 20 to 495p and Halma put on 6 to 152p, while S. Pearson picked up a few pence to 437p. News of a ½m share-placing left Peter Black 5 lower at 333p.

Early attention in the Leisure sector focussed on Associated Leisure which jumped to 151p before closing a net 29 up at 148p; the company is in talks with casino concern Pleasurama which may lead to an offer. Pleasurama closed 13 down on balance at 312p, after 307p. Elsewhere, Intervision Video were actively traded following news of a joint video leasing venture with CBS/Fox Video and touched 38p before closing 2 dearer on balance at 34p. The management buy-out of the company's industrial canvas and plastic products interests left Black and Edgington 6 firmer at 106p.

Subdued conditions persisted in Properties and significant movements were few, but Stock Conversion encountered fresh selling on fading bid hopes and shed 8 for a two-day fall of 17 to 320p. British Land added a couple of pence to 107p, after 108p, while Land Securities gained the turn at 271p. Stockley Developments found support and firmed 4 to 70p and Control Securities improved 2½ to 43p.

Textiles were highlighted by Scottish English and European which advanced 5 to 97p following the interim profits recovery and confident tenor of the accompanying statement. In contrast, Nova (Jersey) Knit, relatively firm of late on recovery prospects, encountered nervous selling ahead of next Monday's half-timer and shed 4 to 55p.

As widely anticipated, Mercantile House revealed a substantial upturn in first-half earnings, but the shares, up to 443p in initial response to the announcement, reacted on the liquidation of sizeable bull positions to close 6 lower on balance at 427p. In contrast, support was shown for R. P. Martin which advanced 25 to 265p.

Shell suspended

Oils got off to an indifferent start but sprang to life after the official "house" close following the suspension of dealings in Shell and Royal Dutch. The latter were quoted at £34, up ¼, and the former at 623p, up 8, ahead of news that Shell Petroleum NV, is making a $55 a share bid for the minority interest in Shell America. Dealers suggested higher opening levels for both companies when dealings resume today. Shell are expected to resume around the 635p level and Royal Dutch around £34¼, although jobbers commented that both figures were "pure guesses." Other leading Oils raced ahead on the news, with BP rallying from 416p to close a net 4 firmer at 427p. Ultramar closed 12 to the good at 660p, Tricentrol 5 stronger at 203p and Burmah 7 up at 187p. LASMO hardened 4 to 330p, after 323p while Britoil were additionally boosted by news of an encouraging North Sea drilling report and advanced 15 to 230p. Recently dull Australian oils provided a feature in Canada Northwest Oil which jumped from 19p to 34p on rumours of a commercial oil discovery off the coast of Western Australia. Weeks Australia were unaltered at 124p following news of a proposed one-for-five rights issue at A$1.20 a share to raise A$46m for exploration purposes.

Golds weak

Mining markets came under renewed selling pressure as precious and base-metals gave ground following further strength in the dollar against sterling.

South African Golds bore the brunt of the selling with the leading issues showing closing falls of almost £2, as in Randfontein, £89½. Losses of around a point were widespread and common to Winkelhaak, £29, Buffels, £32½, Kloof, £29 and Western Deep, £32½. Cheaper priced issues were highlighted by Deelkraal which retreated 10 to 257p and Welkom, 32 off at 760p.

The Gold Mines index dropped 16.4 to 524.9—a two-day decline of 20.2, while bullion fell $6.25 to $365.125 an ounce.

In Financials the London-domiciled issues were persistently sold in initial trading but subsequently rallied to close well above the day's lowest level reflecting the renewed upsurge in domestic equities. RTZ closed a net 5 firmer at 653p, after 647p, while Charter were finally unaltered on balance at 245p, after 242p. Gold Fields were depressed by the easier bullion price and closed 7 down at 508p.

Platinums were easier across the board, reflecting the general downturn in South African issues, but Rustenburg rallied from an initial 710p to close only 10 off on balance at 720p following the increased interim profits and dividend.

Australians remained a dull market, MIM Holdings easing 2 to 225p following the lower interim profits.

A good business developed in Traded Options. Total contracts struck yesterday amounted to 3,622 comprising 3,089 calls and 533 puts. Once again, Oil stocks featured with Shell Transport attracting 375 calls prior to the suspension of dealings in the underlying security; the January 600 calls rose 11 to 27p. British Petroleum recorded 203 calls. Speculation concerning the group's stake in House of Fraser stimulated strong demand for Lonrho positions which attracted 558 calls. ICI recorded 479 trades with the January 600 calls 12 up at 34p, while interest revived for GKN which attracted 308 calls with the March 200's doubling to 14p.

FINANCIAL TIMES STOCK INDICES

	Jan. 24	Jan. 26	Jan. 20	Jan. 19	Jan. 12	Jan. 17	year ago
Government Secs ...	82.91	82.74	82.65	83.21	83.25	83.27	77.21
Fixed Interest	87.20	87.14	87.23	87.29	87.97	87.18	79.68
Industrial Ord..........	824.9	814.9	826.9	823.9	821.2	807.1	314.4
Gold Mines	324.0	341.5	545.1	337.0	526.8	320.2	313.4
Ord. Div. Yield	4.36	4.41	4.34	4.34	4.34	4.42	4.88
Earnings, Yld.% (full)	9.13	9.25	9.13	9.12	9.06	9.22	10.49
P/E Ratio (net) (*)	13.36	13.22	13.41	13.41	13.49	13.26	11.44
Total bargains	28,722	22,666	30,465	28,674	27,774	28,007	23,009
Equity turnover £m.	—	261.17	336.01	362.18	326.26	316.32	199.40
Equity bargains	—	26,058	23,352	28,255	24,403	23,149	12,928
Shares traded (mn) ...	—	159.2	215.1	223.6	204.6	212.5	113.8

10 am 814.1. 11 am 816.9. Noon 819.9. 1 pm 820.6. 2 pm 821.7. 3 pm 823.1.

Basis 100 Govt. Secs. 8/1/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=12.59.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.77 (9/1/84)	77.00 (24/1/80)	127.4 (9/1/55)	49.18 (3/1/75)
Fixed Int.	87.99 (19/1/84)	72.03 (1/2/83)	150.4 (28/11/47)	50.53 (01/1/75)
Ind. Ord.	826.9 (20/1/84)	598.4 (12/1/83)	826.9 (20/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.0 (1/11/83)	734.7 (15/2/83)	45.6 (26/10/71)

S.E. ACTIVITY

	Jan. 25	Jan. 20
—Daily		
Gilt Edged Bargains ...	190.9	169.1
Equities Bargains ...	168.8	170.7
Value ...	527.2	737.2
5-day Average		
Gilt Edged Bargains ...	195.4	206.1
Equities Bargains ...	188.1	107.3
Value ...	4,021	680.9

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange. Official List.

Stock	No. of changes	Mon. close	Day's change
Strong & Fisher	25	190	+ 5
Barclays Bank	16	543	−20
Gerrard & Ntnl	16	332	+42
Ass Brit Ports	15	255	+17
Bowater	15	285	− 9
Stylo	13	305	−20
Lon & Ed Tst	13	170	+10
Fst Nat Fin Crp	12	68½	− 2
Fleet Holdings	12	180	+ 4
ICI	12	626	− 2
NatWest Bank	12	715	−16
Sov Oil & Gas	11	275	−10
Ultramar	11	648	− 5
BTR	10	428	− 2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Associated Leisure ...	148	+29
Beecham	315	− 8
Bowater	289	+ 4
BP	427	+ 4
Britoil	230	+13
Hawker Siddeley	408	+12
ICI	632	+ 8
Intervision Video	34	+ 2
Rank Organisation ...	218	+13
Shell Transport	623*	+ 8
Strong and Fisher	208	+18
Ultramar	660	+12

* Price at suspension

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 23	Feb 3	Apr 26	May 8
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	Jun 11

For rate indications see end of Share Information Service

Stocks favoured for the call included Grattan, UKO, Steetley, Barrie Investment and Finance, Camford Engineering, Premier Oil, Woolworth, Spong, Brunswick Oil, W. E. Norton, London and Liverpool, Moben, Brewmaker, Lasmo, Intasun, Gestetner A and N.M.W. Computers. A put was arranged in Lucas, while doubles were transacted in Steetley, Spong and Bristol Oil and Minerals.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	5	22
Corpns. Dom. and Foreign Bonds ...	12	2	60
Industrials	212	308	879
Financial and Props.	71	160	290
Oils	21	29	70
Plantations	2	8	10
Mines	16	85	69
Others	40	62	74
Totals	454	683	1,474

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (70)

BRITISH FUNDS (1)
Treas. 13¼pc 1997
INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
Mexico 13½pc 2008

AMERICANS (4)
Exxon Louisiana Land
Gen. Foods Sun Co.

BANKS (5)
Algemene Bk. Ned. Wells Fargo
Nat. West Baltic
Seccombe, Marshall

CHEMICALS (3)
Bayer AG Laporte
Internatl. Paint

STORES (1)
House of Fraser

ELECTRICALS (4)
CPU Computers Microgen
Crystalate Webber

ENGINEERING
Allen (W. G.) Neepsend
G.K.N. Newman
Hawker Siddeley Saville

FOODS (3)
Bassett Pyke
Glass Glover

HOTELS (1)
Trusthouse Forte

INDUSTRIALS
BETEC Norcros
BB & EA Pentland
Dom Hldgs. Powell
Electrolux B Rank O
Kershaw (A.) Reed E
Lep Reed I
Metal Closures UKO I

INSURANCE (2)
Hogg Robinson Pearl

LEISURE (2)
Assoc. Leisure Black &

MOTORS (2)
Adams & Gibbon Western

NEWSPAPERS
BPM A Liv'pool
Collins (Wm.) A

PAPER (2)
Bunzl Saatchi

SHIPPING (1)
Brit. & Com'wealth

TEXTILES (1)
S.E.E.T.

TRUSTS (11)
Anglo-Int. Asset Shs. Jove C
Ashdown Northern
Cambrian & Gen. Shires
Do. Cap. Contrev
Fleming Enterprise Haw Pa
Fleming Mercantile

OILS (1)
Osprey Petroleum

OVERSEAS TRADERS
Finlay (James)

MINES (1)
Bond Corp.

NEW LOWS

BUILDINGS (1)
Crouch Group

ELECTRICALS (2)
Inco. Bus. Systems Multitone

SHIPPING (1)
Lyle Shipping

TRUSTS (1)
Flextech

MINES (1)
Anglo Utd. Dev.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Tues Jan 24 1984

[illegible]

FIXED INTEREST

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible] based on prospectus estimates. d Dividend rate paid or payable [illegible] capital: cover based on dividend on full capital. g Assumed [illegible] yield. u Forecast dividend cover based on previous year's earnings [illegible] and yield based on prospectus or other official estimates for 1983-[illegible] ‡ Cover allows for conversion of shares not now ranking for dividend [illegible] only for restricted dividends. Φ Figures or report awaited. § [illegible] p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered [illegible] of ordinary shares as a "rights." ** Issued by way of capitalisation [illegible] introduced. ¶¶ Issued in connection with reorganisation merger [illegible] ● Provisional or partly-paid allotment letters. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 16,597

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Jan. 24. Total Contracts 3,622. Calls 3,089 Puts 533.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	173	Ayer Hitam SM1	230	......	v085c	1.0	11.1
150	83	Geevor	145	......	24.0	—	3.9
18	10	Gold & Base 12½p	10	......	—	—	—
435	290	Gopeng Cons.	400	......	420.8	3.4	7.1
600	525	Hongkong	575	......	21.0	♦	5.2
21	13	Jantar 12½p	17	......	1.5	0.2	12.6
270	100	Kamunting SM0.50	200	......	†v027½c	0.8	4.1
96	56	Malaysia Mng. 10c	71	......	†v011c	0.9	‡
57	28	♥Pahang	44	......	B—	—	—
500	325	Pengkalen 10p	500	......	1.0	—	0.3
330	225	Petaling SM1	300	......	v0130c	♦	12.1
250	185	Sungei Besi SM1	250	......	†v0185c	1.1	‡
68	40	♥Supreme Corp M$1	65	......	v403½c	♦	1.0
325	93	Tanjong 15p	325	......	g3.5	—	1.5
160	60	♥Tongkah H. Tin SM1	160	......	v05c	1.6	0.9
300	190	Tronoh SM1	250	......	v090c	1.1	10.8

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
178	18	Admiral Mines	20	......	—	—	—
90	34	♥Anglo-Dominion	72	......	—	—	—
93	48	♥Anglo Utd. Dev.	48	−2	—	—	—
400	180	♥Centenol Minerals	277	−8	—	—	—
175	60	♥Colby Res Corp.	175	......	—	—	—
835	315	Cons. Murch. 10c.	800xd	−15	100c	♦	7.3
£17½	£10⅝	Eastern Trans Cons 50c	£15¼	−½	Q85c	4.9	2.8
240	170	Hampton Areas 10p	207	+2	3.75	2.1	2.4
215	103	♥Highwood Res	190	−5	—	—	—
£24½	£17½	Homestake Mining $1	£20⅝	−½	Q20c	—	0.7
495	275	Northgate C$1	305	−7	—	—	—
672	437	R.T.Z.	653	+5	t17.0	2.9	3.7
£147½	£108	Do.9½%Cv.Ln.'95-2000	£142	+½	Q9½%	32.5	6.7
190	13	♥Sabina Inds C$1	92	−6	—	—	—
£11½	312	♥Tara Expon $1	£11⅛	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Ø No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	74	......	Fin. 13% 97/02	£97	−½
Bdg'wtr. Est. 50p	320	......	Alliance Gas	96	......
Craig & Rose £1	900	......	Arnott	227	+2
Finlay Pkg. 5p	46	......	CPI Hldgs.	87xd	......
Higsons Brew	80	......	Carrol Inds.	110	......
Holt (Jos) 25p	895	......	Hall (R. & H.)	63	......
I.O.M. Stm. £1	127	......	Helton Hldgs.	23	......
			Irish Ropes	46xd	......
IRISH			Jacob (W. & R.)	68	......
Exch. 12% 1985	£99¼	......	T.M.G.	75	......
Nat 9¾% 84/89	£86	−⅛	Unidare	77	......

For Concrete Prods. see CPI

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	21	Vickers	12
Allied Lyons	15	I.C.I.	45	Woolworth Hld.	35
BOC Grp	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	45	Lloyds Bank	50	MEPC	24
Boots	37	"Lofs"	2	Peachey	17
Bowaters	22	London Brick	18	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	2	Mrks. & Spncr	25	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min.	6
Cadburys	11	N.E.I.	18	Brit. Petroleum	35
Courtaulds	11	Nat. West. Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	25	Premier	8
Dunlop	5	Racal Elect.	16	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	39	Ultramar	60
Gen. Accident	42	Reed Intnl.	34		
Gen. Electric	17	Sears	8	**Mines**	
Glaxo	75	T.I.	14	Charter Cons.	22
Grand Met.	36	Tesco	16	Cons. Gold	50
G.U.S. 'A'	55	Thorn EMI	55	Lonrho	8
Guardian	45	Trusthouse	16	Rio T. Zinc	58
G.K.N.	16	Turner & Newall	8		
Hawker Sidd	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 142311

Pension Funds				
EqPenFdAcc	652.7	687.0	−0.40	—
Euro Fd Acc	100.5	105.8	..	—
FixedPenAc	426.5	448.9	+1.1	—
GtMnPnAc	252.6	266.1	+0.1	—
InUMenFP	278	293.4	−1.1	—
Jaq Pen Fd	135.9	143.0	−0.2	—
AmPenFdAc	133.2	140.2	−1.5	—
PropPenAc	232.5	244.7	+0.1	—
MpLnPnAc	546.3	574.9	−1.6	—

Colonial Mutuel Group
24 Ludgate Hill, EC4P 46D. 01-540 0661

Capital Life Assurance				
Key Inv Fd	—	128.6	....	—
Pcmkr Inv Fd	—	126.94	....	—
Eqsity Fd	105.91	111.46	....	—
Fxd Int FP	101.39	108.73	....	—
Property Fd	99.00	104.29	....	—
Cash FP	99.06	104.29	....	—
Managd Fd	106.63	112.24	....	—
Sol Mut Life (Pension Annuities)				
MdPnCeqA'0	95.0	100.0	....	—
MqPaInsA'8	95.0	108.0	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnAcJn21	—	160.40	....	—
VarAnAcJn27	—	34.08	....	—
Prime Series—Life				
Managed	131.4	130.4	−0.1	—
UK Equity	135.6	142.6	−0.6	—
Int Equity	130.0	137.6	+0.3	—
Property	103.6	109.1	−0.4	—
Fixed Int	111.6	117.5	+0.4	—
IndexLkdGt	90.3	95.1	−0.2	—
Cash	10.3	105.6	+0.1	—
Prime Series—Pensions				
Managed	96.4	101.5	+0.1	—
UK Equity	97.1	102.3	−0.2	—
Int Equity	96.9	102.0	−0.2	—
Property	95.4	100.5	...	—
Fixed Int	95.1	108.2	+0.5	—
IndexLkdGt	95.0	108.0	+0.1	—
Cash	95.5	100.6	...	—

Continental Life Assurance PLG
64 High St Croydon CR0 9XN 01-680 5226

Equity Acc	179.2	188.7	....	—
Proply Acc	163.3	171.9	....	—
Int Acc	159.6	168.1	....	—
Manqd Acc	174.4	183.6	....	—
Spec Sits	130.1	137.0	....	—
Pen Int Acc	151.6	159.6	....	—
Pen Pro Acc	181.3	100.9	....	—
Pens Equity	207.1	218.1	....	—
Pen Mg Acc	172.8	181.0	....	—

Gilt Deposit. Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU21 1XW. 046682-5033

PenMnyAcc	127.4	154.1	....	—
PenMnyInt	110.1	122.2	....	—
PE Coronet	188.7	108.6	....	—
BrewinEqFd	266.4	330.4	....	—
StrelInvFd	158.6	167.1	....	—
Heritage Fd	132.8	139.5	....	—
Sage Fd	124.1	130.6	....	—
DBS Mangd	130.6	145.6	....	—

[illegible]

Offshore & Overseas—continued

[illegible]

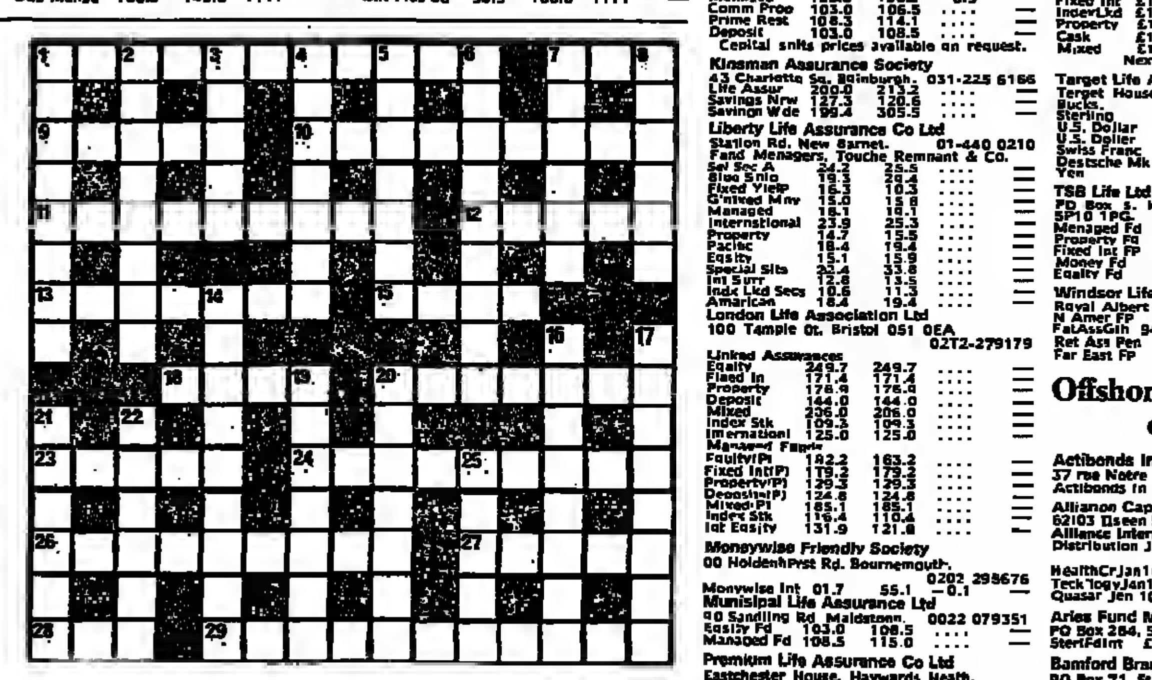
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,325



ACROSS

1 Ron Moody almost with date in variety, bragging? (11)
7 Old bit of money, each-way (3)
9 Home leg could describe it (5)
10 Fuel container spare for the more aged? (3-6)
11 Producer of whip in desert? (9)
12 A nobleman spy (5)
13 Cinders could make arrangement for repeal (7)
15 Grenada island contains supporter at high table (4)
18 Fiddler giving short number about the queen (4)
20 Measure in structure removed outer covering (7)
23 Confused like some sailors (2, 3)
24 He could be 23 to get set result (9)
26 When it's opened there'll be a rush (9)
27 Lady student of old kingdom (5)
28 Soak tops of radishes, etc. (turnips?) (3)
29 Be in control—give out the notes? (4, 3, 4)

DOWN

1 Footballer on attempt for office (8)
2 S.R.N. based in "casualty" leads to monotony (8)
3 First of monarchs said, bewilderingly, "I have rich touch" (5)
4 Of a certain race no longer to be ignored (7)
5 Supposed to be fictitious (7)
6 English case called up from the past (9)
7 Harass the animal (6)
8 Salt to make a speech below tip of bows (6)
14 Northern language to describe 24? (9)
16 Deceive the dandy (sort of light) (8)
17 Anteater, for example, is in garden gallery (8)
19 Could be removed by keeper? It's not on! (3-4)
20 Mistrust cups set precariously (7)
21 The boss is an old man (6)
22 Car obtained from such an agency? (6)
25 In French, the girl to follow! (5)

Solution to Puzzle No. 5,324

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.	243.19		....	—
Managed Inv. Fd.	164.78	173.46	....	—
Property Fd	152.16	160.17	....	—
Fixed Interest Fd.	148.30	156.11	....	—
Cash Fd	137.47	144.71	....	—
Income Fd	181.54	191.10	....	—
Extra Income Fd.	174.41	183.59	....	—
Worldwide Growth Fd	233.27	245.55	....	—
Balanced Fd.	183.11	192.75	....	—
Smlr Co's & Recy. Fd	210.19	221.26	....	—
Int. Technology Fd	269.08	283.25	....	—
Nth. Amer & Gen. Fd	162.45	171.00	....	—
Energy Int. Fd.	108.48	114.19	....	—
Pacific Basin Fund	149.98	157.88	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117.7	123.9	....	—
Property	120.2	126.6	....	—
Equity	125.2	131.8	....	—
International	132.0	138.9	....	—
Fixed Interest	104.2	109.7	....	—
Deposit	100.6	105.9	....	—
Managed Pen. Cap.	118.3	124.5	....	—
Property Pens. Cap.	121.9	128.3	....	—
Equity Pens. Cap.	120.5	126.9	....	—
Intnl. Pens. Cap.	137.4	144.4	....	—
Fixed Int. Pens. Cap.	100.8	106.1	....	—
Deposit Pens. Cap.	98.0	103.2	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29	97.4		....	—
Retmt. Fed. Jan. 6	280.3		....	—
Managed Pen Fund	193.8	204.0	....	—
Property Pen Fund	117.3	123.5	....	—
Index Lnkd Pen Fund	111.6	117.5	....	—
Managed	127.6	134.4	−0.4	—
Property	106.3	111.9	+0.1	—
Gilt and Fixed Interest	108.6	114.4	+0.5	—
Index-Linked	97.1	102.3	−0.1	—
Equity	128.7	135.5	−0.1	—
Cash	105.7	111.3	....	—
Midland Bk. Unit Tst.	126.2	132.9	−0.1	—
Midland Bank Intnl.	150.1	158.0	−0.3	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	127.4	134.2	−0.3	—
GT Pln High Yld Fnd.	131.5	138.5	−2.4	—
GT Plan Far East Fnd	129.2	136.0	−0.1	—
GT Plan N. Am Fd.	142.6	150.2	−2.7	—
GT Pln UK&G. E. Fnd	149.5	157.4	−2.7	—
GT Pln Wrldwde Fnd.	154.6	162.8	+1.6	—
GT Pension Bnd Fnd.	140.2	147.6	−0.4	—
GT Pen High Yld Fd.	150.5	158.5	−2.9	—
GT Pen Far East Fd.	159.5	167.9	....	—
GT Pen N. Am. Fd.	209.0	220.1	−4.5	—
GT Pen UK & G.E. Fd.	172.8	181.9	−3.1	—
GT Pen Worldwide Fd.	167.0	175.8	+1.8	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	170.2	179.2	....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	265.1		....	—
Portfolio Fd. Init.	216.6		....	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd.	286.6	302.0	....	—
Money Fd	157.0	165.3	....	—
Equity Fd.	242.5	255.5	....	—
Fixed Int. Fd.	119.6	126.0	....	—
Property Fd	174.2	[illegible]	....	—
Managed Pen. Fd.	270.1	284.6	+2.3	—
Equity Pension Fd.	190.7	200.9	−0.7	—
Fixed Int. Pen. Fd.	166.9	175.9	−1.7	—
High Yield Pen. Fd.	164.7	173.4	−1.6	—
Money Pension Fd.	130.6	137.5	+0.2	—
Property Pension Fd.	128.5	135.4	....	—

Gresham/Prudential

American & Gen. Fd.	260.4	274.4	−0.4	—
Income Fd	204.1	216.1	−0.5	—
Int'l. Growth Fd.	285.9	301.3	−0.9	—
Capital Fund	214.1	225.6	−0.3	—
Recovery Fund	164.4	173.2	....	—

OFFSHORE AND OVERSEAS

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ⊕ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Maize surges on stocks surprise

BY NANCY DUNNE IN WASHINGTON

MAIZE and soyabean prices rose sharply yesterday on the Chicago Board of Trade in the wake of a report by the U.S. Department of Agriculture (USDA) estimating much lower stocks than had been anticipeted.

The latest grains report, released on Monday after the markets had closed, contradicted an 1983 production report released 10 days earlier which had jolted the market by raising estimates for maize and soyabeans.

USDA accounted for that increase by saying higher prices had led farmers to make strenuous efforts to harvest every bushel. It raised its estaimate for harvested maize by more than 2 per cent from November to December to 4.2bn bushels, and raised the soyabean figure by 58m bushels.

The latest figures, however, show that stocks are considerably lower than traders had expected on the basis of the production estimates. USDA estimates maize stocks at 4.93bn bushels, down 41 per cent from the previous year, and soyabean stocks at 1.29bn bushels, down 28 per cent.

Board of Trade analysts pronounced the figures "extremely confusing" but prices took off in early trading. Several traders said they suspected USDA was compensating in the stock figures for mistakes made in the earlier production statistics.

The biggest surprise in the stocks figures was the consumption estimates, which were much higher than in the past.

One possible explanation for that could be the new dairy programme, which pay farmers for cutting milk production. Farmers could be building their herds in order to get higher compensation from the Government when they officially reduce their herd size.

Concern over grain futures

BY NANCY DUNNE

Several senators that price movements in the futures markets have been unduly affected by professional and computer-related trading sent a congressional committee to Chicago this week to collect testimonies from the Chicago Board of Trade, the Commodity Futures Trading Commission and other economists.

Mr Allen Shisu, an economist with Chase Econometrics, told them that current futures prices did accurately reflect fundamental economic factors. Answering questions about lower than expected prices for maize and soyabean, he said actual farm prices were being depressed by the strength of the U.S. dollar, large anticipated 1984 plantings, and excessive wheat stocks.

The Chicago Board of Trade has, however, lost credibility with at least part of the organised farm lobby, according to the U.S. Wheat Associates in its latest newsletter.

"Certainly the price trends that have resulted in today's low levels were not generally anticipated prior to or during last fall's harvest, when concerns and expectations focused on short supplies, tight ending stocks and strong prices."

A farmer who testified on Monday for the Iowa Soyabean Association, Mr Merlyn Groot, said there had been a growing concern in the farm community about soyabean price fluctuations, which could not be explained by fundamental factors. They seemed to occur, he said, in conjunction with positions taken by a few large trading concerns.

Tea prices in India reported to be falling

PRICES of various CTC (cut, tear and curl) tea have fallen by 4 rupees to 6 rupees a kilo in the past few weeks at Siliguri and other Indian auction centres, a government statement said.

It did not give current prices of CTC tea, but said the ban on its exports had helped to lower domestic prices.

India banned exports of CTC types on December 24 to increase domestic supplies and stop prices rising.

Since the ban, about 30m kilos of CTC tea have been made available in the domestic market and the rising price trend has been reversed, the statement said.

The Commerce Ministry said last week it was not considering lifting the export ban on CTC tea and the Indian Tea Board chairman, Mr Jagdish Khattar, said the ban was not likely to be reviewed until April.

● PAKISTAN produced 3.47m tonnes of rice during the 1983-1984 season, up from the previous season's 3.3m tonnes but below its target of 3.5m tonnes, the official APP news agency reported. The shortfall was attributed to damage to the crop in Sind province due to monsoon rains and a pest attack.

● Copra production throughout the world is likely to fall to 4.09m tonnes in the current 1983-84 season, the lowest for 10 years, from a provisional 4.62m last season and 4.84m in 1981-82, Oil World, the Hamburg-based newsletter said. The fall is partly the result of last season's severe drought in the Philippines.

● CHINA'S Hainan Island plans nearly to double its dry rubber output by the end of the decade, the President of the South China Academy of Tropical Crops, Huang Zongdao, said.

Palm oil production expected to peak in 1992

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN palm oil production is expected to peak at 5.7m tonnes in 1992 and then fall steadily to 5.2m tonnes by the year 2000, an international conference on palm oil in Kuala Lumpur was told yesterday.

Chow Chee Sing of the Malaysian Palm Oil Research Institute told the conference that the decline in the later 1990s was expected because of the lower rate of new planting.

Based on estimates of new planting, replanting and yields, production was expected to rise from 3.5m tonnes in 1982 to 4.2m tonnes in 1985 and 5.6m tonnes in 1990, he said.

Production increased by 13.6 per cent a year between 1980 and 1983, but should slow down to 8.2 per cent a year between 1983 and 1990.

By 2000, Peninsula Malaysia's palm oil should cover 1.51m hectares. In Sabah and Sarawak, the area was estimated to be less than 220,000 hectares.

Mr Syed Abdul Jabar Shahabudin, chief executive of the Kuala Lumpur Commodity Exchange, said tight supplies of crude palm oil in Malaysia, which had recently resulted in soaring prices, would continue for some time. The situation could not be overcome, for neighbouring producers were unable to move supplies to Malaysia in the short-term because of marketing and shipping problems.

Overseas trader participation in KLCE palm oil futures market had steadily risen and was now 10 per cent of total contracts traded in the exchange, he said.

The Malaysian palm oil futures market closed higher on short covering yesterday with nearby March up by the 100 ringgit limit at 1,900 ringgit per tonne.

Dutch seek EEC pact on meat exports

BY IVO DAWNAY IN BRUSSELS

EMERGENCY measures taken in the Netherlands to contain the country's outbreak of foot-and-mouth disease were presented to the EEC's veterinary committee yesterday in an attempt to harmonise member states' responses.

The threat of total bans on imports of meat products from the Netherlands is spreading and the Dutch are therefore thought to be particularly anxious for a uniform strategy.

On Friday the French Government announced a ban on all Dutch pork, goat, sheep and beef consignments regardless of their area of origin.

The move is within France's rights in the absence of Community instructions, but Dutch producers inevitably view it as opportunistic and aimed at protecting France's domestic livestock industry from cheaper imports.

Pressure on the French Government to take action over cheap pork imports has been mounting daily in France following a collapse in pigmeat prices to 75 per cent of the Community's target price.

Farmers have been involved in a series of incidents including the burning of lorries and attempts to block northern border posts. They have sometimes used the danger of spreading swine fever and foot-and-mouth disease as a pretext for their actions.

The EEC Commission may seek further controls on animal movements and a possible extension of the boundaries of designated infected areas in the Netherlands and of regions hit by swine fever in West Germany, Belgium and Italy.

If the committee fails to reach a majority agreement, national measures will continue for a fortnight to allow the Council of Agriculture Ministers time to examine the problem.

Large increase in cocoa output forecast

BY RICHARD MOONEY

WORLD COCOA production will increase by more than a third by the end of this decade, the secretariat of the International Cocoa Organisation (ICCO) forecast in a study published this week.

It puts 1989/90 production in excess of 2m tonnes compared with slightly less than 1.5m in 1983/84.

The projection, based on detailed analysis of producing countries accounting for 82 per cent of total supplies, sees the annual growth rate slowing from 10.5 per cent in 1984/85 to 2.8 per cent in 1989/90.

Most of the increase is expected to come from Brazil, the Ivory Coast and Malaysia, with Brazil overtaking the Ivory Coast to become the world's biggest producer by 1985/86 and Malaysia stepping up into third place by 1988/89.

Brazil's 1989/90 output is put at 528,000 tonnes, up from 350,000 in 1983/84, the Ivory Coast's at 503,000 (350,000) and Malaysia's at 178,000 (81,300).

The ICCO expects world consumption of cocoa to fall behind production again in 1985/86 and to stay there through the rest of the period covered by the projections. Latest trade estimates put consumption some 100,000 tonnes ahead of production in the current crop year.

Malaysia acts to toughen tin smuggling laws

By Wong Sulong

MALAYSIA has announced tougher regulations to prevent tin smuggling.

Datuk Paul Leong, the Minister of Primary Industries, said the present law allowed enforcement officers to check tin in transit but not at storage points.

The new regulations make the possession, custody and control of tin without a valid permit an offence, and give wide powers of search to enforcement officers.

The penalty for illegal movement of tin will be increased from a fine of 500 ringgit to 50,000 ringgit (£15,000), and the jail term increased from six months to two years.

Datuk Leong said Indonesia had effectively curbed tin smuggling and smuggling was on the decline in Malaysia.

The main problem lay with Thailand, where an estimated 900 "suction" boats were operating illegally around Phuket island. Thai enforcement was stretched in curbing this activity.

The International Tin Council has estimated that about 16,000 tonnes of tin were smuggled out from South East Asia last year in contravention of export control, with the bulk coming from Thailand.

Norway set to demand reopening of cod talks

By Ivo Dawnay

NORWAY looks set to demand the early reopening of talks on cod and other white fish quotas for 1984 as its price for a new negotiation with the European Commission on the share-out of herring stocks.

The refusal of EEC member states, in particular the UK, Denmark and the Netherlands, to accept a 15,000-tonne herring quota for Norway has prevented the reopening of herring fishing in the North Sea.

Although the Commission had agreed the deal with the Norwegians it was told by fisheries ministers to return to new talks aimed at reducing Norway's share.

The British claimed that 15,000 tonnes, representing 10 per cent of the provisional 150,000 tonne total allowable catch (TAC) for community fishermen, was far in excess of Norway's traditional TAC.

It was also feared that in giving the Norwegians a favourable deal, the EEC would have little bargaining power in the annual early summer review of quotas for cod and other white fish.

Under the current 1984 agreement the Community will take 198,000 tonnes of cod, leaving 17,000 tonnes for the Norwegians. However, some of Norway's quota is usually traded with the EEC for other species.

By offering early talks on these species, the Norwegians are drawing a clear link between the two negotiations, while still appearing conciliatory.

There is no doubt, however, that the Norwegians will continue to resist any attempts by the Commission to make a radical downward revision of their original herring offer.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 24 1984	+ or −	Month ago
Metals			
Aluminium	£1100		£1050
Platinum oz	£264.40	−2.5	£270.60
Quicksilver†	$302/308		$308/312
Silver troy oz	588.80p	+17.75	617.88p
3 mths	582.80p	−18.05	631.45p
Tin cash	£8667.5	+6.5	£8382.5
3 months	£8810.5	+58	£8549.5
Tungsten	$74.41		$74.70
Wolfram 22.04lb	$74/78		$70/74
Zinc	£688.0	−6.5	£605.5
3 mths	£684.25	−4.25	£617.95
Producers	$1,010		$980

	Jan. 24 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1120y		$1025
Groundnut	$1950v		
Other commodities			
Cocoa ship't*	£2049	+8	£2014
Futures May	£1985.5	−4	£1865
Coffee Ft. Mar	£2995.5	−28	£1947
Cotton A Index	87.75c	−0.8	89.05c
Gas Oil Feb	$269.6	−1.25	$248
Rubber (kilo)	88.9p	+0.5	85.0p
Sugar (raw)	£151yz	−6	£196.5
Wooltops 64s	464p kilo		423p kilo

‡ Unquoted. w Feb. s March. x May. v Feb-March. y Jan-Feb. 1 Per 75-lb flask. * Ghana cocoa. n Nominal. c Cent per pound.

LONDON OIL

A limit-down close in New York led to an opening about $3.00 lower. The market stayed in a narrow range through the morning before coming off sharply on the re-opening as New York moved lower. Towards the close prices moved to the highs before meeting some profit-taking, reports Premier Man.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per brl		
Feb	28.50	—	—
Mar	28.94	−0.17	28.54
Apr	28.81	−0.34	—
May	28.78	−0.52	28.78-28.70
June	28.66	−0.40	—
July	28.63	−0.35	—

Turnover: 9 (8) lots of 1,000 barrels.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.75	+0.02
Iranian Light	27.60-27.90	+0.05
Arab Heavy	26.50-26.45	—
North Sea (Forties)	28.45-29.65	+0.05
North Sea (Brent)	29.59-29.75	−0.03
African (Bonny Lt)	29.30-29.80	+0.08
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	273-277	+1
Gas Oil	263-268	+1
Heavy fuel oil	174-178	—

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Jan.	262.25	−1.25	263.00-60.00
Feb.	256.50	−1.25	257.00-54.00
Mar.	248.75	−0.25	249.50-47.90
April	242.00	−1.00	242.00-40.00
May	238.00	−1.00	238.00-36.25
June	237.00	−1.50	237.00-30.25
July	237.25	−2.75	237.25
Aug.	240.25	+0.25	240.25
Sept.	243.00	−1.00	—

Turnover: 2,478 (3,279) lots of 100 tonnes.

GOLD MARKETS

Gold fell $6½ to $364¾-365¼ on the London bullion market yesterday. The metal opened at $365½-366½, and was fixed at $365.20 in the morning, and $365.10 in the afternoon. It touched a peak at the opening, and fell to a low of $363½-364¼.

In Paris the 12½ kilo gold bar was fixed at FFr 101,400 per kilo ($364.88 per ounce) in the afternoon, compared with FFr 101,200 ($364.22) in the morning, and FFr 103,150 ($372.41) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,290 per kilo ($366.25 per ounce) against DM 33,730 ($372.51), and closed at $365-365½ compared with $371¼-371¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $364.75 per ounce, against $371.50.

In Zurich gold finished at $365-365½ compared with $371-371½.

LONDON FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ per troy ounce		
Jan.	364.40-65.10	−6.60	365.80
Feb.	365.00-66.20	−7.20	366.20-64.30
April	370.70-70.80	−7.35	372.00-70.75
June	376.80-77.00	−7.10	378.00-77.80
Aug.	383.00-84.10	−6.95	—
Oct.	388.00-89.00	−7.60	—

Turnover: 744 (263) lots of 100 troy ounces.

EUROPEAN MARKETS

BRITISH COMMODITY PRICES

BASE METALS

Base-metal prices were unsettled by the weakness of bullion. COPPER fell to £983 but subsequently rallied to close the late Kerb at £989.75, while the recent squeeze in ZINC eased with the backwardation narrowing to ...

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	5550-40	+5	5525-35	+20
4 months	3415-29	+5	3410-5	+.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

WEEKLY METALS

SILVER

COCOA

COFFEE

... retracement of £10-20 as trade selling created a sharp decline. Further losses were registered during a more active afternoon as continued trade pressure triggered dealer liquidation and stop-loss selling.

SOYABEAN MEAL

The market opened limit-up bid (£5) due to a lower than expected U.S. maize and soyabean stock estimate, reports T. G. Roddick. Prices remained firm throughout the day on commercial buying.

GRAINS

SUGAR

POTATOES

RUBBER

INDICES

WOOL FUTURES

MEAT/FISH

COTTON

HIDES

AMERICAN MARKETS

NEW YORK, January 24

Soyabeans and maize closed limit-up following an exceptionally and unexpectedly bullish stock report, reports Hemold Commodities. Wheat was up marginally reflecting a neutral stock report. Most of the strength was on professional and commission house short-covering. Copper prices were fractionally lower with arbitrage activity accounting for most of the downside pressure. Aluminium was also lower on heavy arbitrage selling as well as on liquidation related to the uncertainty concerning the strength of the economy. Heating oil prices were under early speculative pressure but rallied for moderate gains on trade support ahead of the industry stock report and concerns over orderly liquidation of the February contract. Sugar prices collapsed on follow-through selling with negative news on ISA negotiations attracting large speculative short selling. Coffee prices dropped sharply on trade and dealer selling as fears of any prolonged dockworkers strike abated. Cocoa was under pressure after Ghana commenced selling following a private crop report which the market regarded as neutral. Cotton prices declined sharply reflecting the negative psychology created by a disappointing consumption report for the month of December.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	154.00	54.60	51.55	51.30
May	155.95	56.60	53.55	53.00

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves in thin trading

The dollar improved in currency markets yesterday in rather thin trading. The market appeared to lack any clear direction with the U.S. Consumer Price Index for December in line with expectations. A rise of 0.3 per cent was further indication that U.S. inflation is under control for the time being and this dispelled some of the current uncertainty. Further economic statistics due for release this week are likely to assume greater importance as the markets tries to ascertain future trends in interest rates.

There appears to be little likelihood of a change in the Federal authorities' current stance on interest rates, however, in view of the large U.S. budget deficit and the approach of the U.S. Presidential election.

The dollar rose to DM 2.8210 from DM 2.8105 against the D-mark, having touched a high of DM 2.8325. Against the Swiss franc it closed at SwFr 2.2440 from SwFr 2.2350 and Y234.25 from Y233.80 in terms of the yen. It was also higher against the French franc at FFr 8.6250 from FFr 8.5925. On Bank of England figures, the dollar's trade weighted index rose to 132.0 from 131.6.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. December average 1.4344. Trade weighted index 81.6 against 81.7 at noon and 81.8 in the morning and compared with 82.0 on Monday and 84.4 six months ago.

Sterling stayed above $1.40 for most of the morning but lost ground on dollar demand to touch a low of $1.3960 during the afternoon. It recovered to 1.4005-1.4015 at the close, a fall of 55 points but fell back below $1.40 in early New York trading. Against the D-mark and Swiss franc it was unchanged at DM 3.9550 and SwFr 3.1450 respectively and was only marginally easier against the French franc at FFr 12.08 from FFr 12.0825 and Y328.5 compared with Y329.

D-MARK—Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. December average 2.7487. Trade-weighted index 123.0 against 126.8 six months ago.

The D-mark was mixed at the Frankfurt fixing, weakening against the dollar, French franc, Italian lira, and Japanese yen, but improving against sterling, the Dutch guilder and Swiss franc. The Bundesbank did not intervene when the dollar rose to DM 2.8274 from DM 2.8155 at the fixing. There was no particular news to move the market, and Eurodollar interest rates were generally unchanged. The French franc improved to DM 32.705 per 100 francs from DM 32.685; the lira to DM 1.6470 per 1,000 lira from DM 1.6430, and the yen to DM 1.2065 per 100 yen from DM 1.2050. Sterling fell to DM 3.9590 from DM 3.9610; the Dutch guilder to DM 88.90 per 100 guilders from DM 88.92; and the Swiss franc to DM 1.2585 from DM 1.2591.

JAPANESE YEN — Trading range against the dollar in 1983-84 is 246.90 to 226.80. December average 234.40. Trade-weighted index 157.5 against 147.7 six months ago.

The yen showed little movement against the dollar in very dull Tokyo trading. The U.S. currency closed at Y234.02, compared with Y233.97 previously, after opening at Y234.05. It moved within a narrow range of Y233.90 to Y234.10, and traders commented that the dollar seems unlikely to move far away from the Y234 level this week. Expectations that U.S. interest rates will stay firm to fund the very large budget deficit continue to support the dollar, but the yen is also likely to be in demand because of capital inflows to Japan to buy overseas bond offerings. The D-mark was slightly weaker against the yen, falling to Y82.94 from Y83.04.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0654	+2.59	+1.88	±1.5447
Danish Krone	8.14104	8.18040	+0.48	−0.23	±1.6425
German D-Mark	2.24184	2.25745	+0.70	−0.01	±1.0642
French Franc	6.87456	6.90213	+0.40	−0.31	±1.4052
Dutch Guilder	2.52595	2.53938	+0.53	−0.18	±1.4964
Irish Punt	0.72569	0.728719	+0.42	−0.29	±1.6699
Italian Lira	1403.49	1371.72	−2.26	−2.26	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Jan. 24	Previous
Spot	$1.3980-3990	$1.4015-4095
1 month	0.04-0.07 dis	0.06-0.07 dis
3 months	0.14-0.18 dis	0.17-0.18 dis
12 months	0.65-0.80 dis	0.75-0.80 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3960-1.4040	1.4005-1.4015	0.03-0.08c dis	−0.47	0.15-0.20dis	−0.50
Canada	1.7420-1.7480	1.7465-1.7475	0.05-0.15c dis	−0.69	0.17-0.27dis	−0.50
Nethlnd.	4.44-4.46½	4.44½-4.45½	1½-1c pm	3.37	3⅞-3⅛ pm	3.26
Belgium	80.55-80.90	80.70-80.80	5-15c dis	−1.49	38-48 dis	−2.13
Denmark	14.31-14.36	14.32¼-14.33¼	2⅞-3⅜ore dis	−2.77	6⅜-7⅜ dis	−2.04
Ireland	1.2750-1.2820	1.2760-1.2770	0.27-0.34p dis	−2.87	0.75-0.88dis	−2.55
W. Ger.	3.94½-3.97	3.95-3.96	1½-1pf pm	3.79	3½-3 pm	3.29
Portugal	189.25-191.50	190.50-191.00	145-330c dis	−14.94	485-985dis	−15.62
Spain	223.00-224.25	223.80-224.00	175-210c dis	−10.32	500-555 dis	−9.42
Italy	2,397-2,409	2,404-2,406	15-17 lire dis	−7.98	44½-46½dis	−7.57
Norway	11.02-11.07	11.05½-11.06½	3½-4ore dis	−4.00	9¾-10⅜ dis	−3.64
France	12.07-12.12½	12.07½-12.08½	3-4c dis	−3.48	11½-12¾dis	−3.89
Sweden	11.42-11.49	11.47-11.48	1½-2ore dis	−1.83	4⅞-5⅜ dis	−1.79
Japan	327-330	328-329	0.90-0.83y pm	3.19	2.50-2.36 pm	2.96
Austria	27.80-27.95	27.88-27.93	8¼-7⅜gro pm	3.33	22¼-19¾ pm	3.00
Switz.	3.13½-3.16	3.14-3.15	1⅞-1⅝c pm	6.20	4⅝-4⅜ pm	5.56

Belgian rate is for convertible francs. Financial franc 82.10-82.20.
Six-month forward dollar 0.30-0.35c dis, 12-month 0.70-0.80c dis.

THE DOLLAR SPOT AND FORWARD

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3960-1.4040	1.4005-1.4015	0.03-0.08c dis	−0.47	0.15-0.20dis	−0.50
Ireland†	1.0950-1.0980	1.0960-1.0970	0.23-0.20c pm	2.35	0.61-0.55 pm	2.11
Canada	1.2460-1.2490	1.2475-1.2480	0.01c pm-0.01 dis	—	0.02 pm-par	0.03
Nethlnd.	3.1745-3.1820	3.1745-3.1765	1.07-0.97c pm	3.85	2.97-2.87 pm	3.67
Belgium	57.63-57.75	57.63-57.65	5-7c dis	−1.24	24-28 dis	−1.80
Denmark	10.22¾-10.25¾	10.22½-10.23½	1.40-1.90ore dis	−1.93	1.40-1.90dis	−6.64
W. Ger.	2.8195-2.8325	2.8205-2.8215	0.99-0.94pf pm	4.08	2.73-2.89 pm	3.82
Portugal	135.70-136.50	136.00-136.50	100-225c dis	−14.31	340-890dis	−15.12
Spain	159.60-159.85	159.70-159.80	120-145c dis	−9.95	350-405 dis	−9.45
Italy	1,716½-1,719¾	1,716½-1,717½	11-11½ lire dis	−7.86	30¾-31¾dis	−7.28
Norway	7.8865-7.9000	7.8950-7.9000	2-2½ ore dis	−3.42	6-6½ dis	−3.17
France	8.6100-8.6600	8.6225-8.6275	1.95-2.05c dis	−2.77	7.20-7.60dis	−3.42
Sweden	8.1725-8.1975	8.1925-8.1975	0.55-1.05ore dis	−1.17	2.30-2.80dis	−1.25
Japan	233.95-234.70	234.20-234.30	0.73-0.69y pm	3.63	2.03-1.98 pm	3.42
Austria	19.91-19.95	19.93-19.94	6.80-6.10gro pm	3.88	18.50-16.50pm	3.51
Switz.	2.2395-2.2505	2.2435-2.2445	1.27-1.22c pm	9.54	3.38-3.33 pm	5.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.62-58.67.

OTHER CURRENCIES

Jan' 24	£	$		£ Note Rates
Argentina Peso	36.64-36.72	26.40-26.52	Austria	27.80-28.10
Australia Dollar	1.5455-1.5465	1.1035-1.1045	Belgium	81.60-82.40
Brazil Cruzeiro	1,458.6-1,466.7	1,043-1,048	Denmark	14.28-14.49
Finland Marka	8.3170-8.3400	5.9560-5.9580	France	12.05-12.17
Greek Drachma	144.50-144.90	103.30-103.60	Germany	3.94-3.98
Hong Kong Dollar	10.90⅛-10.91¼	7.7950-7.7970	Italy	2410-2450
Iran Rial	124.80*	88.75*	Japan	327-332
KuwaitDinar(KD)	0.4150-0.41525	0.29470-0.29485	Netherlands	4.43-4.47
Luxembourg Fr.	80.70-80.80	57.65-57.98	Norway	11.00-11.11
Malaysia Dollar	3.2720-3.2785	2.3390-2.3405	Portugal	181-218
New Zealand Dlr.	2.1580-2.1630	1.5425-1.5450	Spain	222¼-232½
Saudi Arab. Riyal	4.9065-4.9120	3.5100-3.5110	Sweden	11.39-11.50
Singapore Dollar	2.9790-2.9855	2.1295-2.1310	Switzerland	3.13-3.16
Sth.African Rand	1.7245-1.7270	1.2610-1.2625	United States	1.39-1.41
U.A.E. Dirham	5.1330-5.1385	3.6720-3.6730	Yugoslavia	202-219

*Selling rates.

CURRENCY RATES

Jan. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.737700	0.670684
U.S. $	8½	1.05978	0.798573
Canadian $	9.98	*	0.996884
Austria Sch.	3¾	20.5792	15.9096
Belgian Fr	10	59.6069	46.0654
Danish Kr	7	10.5824	8.18040
D'mark	4	2.92008	2.25745
Guilder	5	3.28424	2.53938
French Fr.	9½	8.92683	6.90213
Lira	17	1775.09	1371.72
Yen	5	241.792	187.089
Norwgn Kr.	8	8.15018	6.30873
Spanish Pta.	—	164.884	127.548
Swedish Kr.	9½	8.44711	6.53075
Swiss Fr.	4	2.32117	1.79406
Greek Dr'ch	20½	106.841	82.6147

*C$/SDR rate for Jan 23: 1.28882.

CURRENCY MOVEMENTS

Jan. 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.9	−8.7
U.S. dollar	132.0	+19.3
Canadian dollar	82.8	+0.7
Austrian schilling	113.0	+2.4
Belgian franc	88.5	−12.4
Danish kroner	77.8	−6.8
Deutsche mark	123.0	+6.4
Swiss franc	149.5	+13.8
Guilder	113.0	+3.5
French franc	65.3	−13.7
Lira	48.4	−12.8
Yen	157.5	+13.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 24	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.401	3.955	328.5	12.08	3.145	4.450	2405.	1.747	80.75
U.S. Dollar	0.714	1.	2.821	234.3	8.625	2.244	3.176	1717.	1.248	57.64
Deutschemark	0.253	0.354	1.	83.06	3.054	0.795	1.125	608.1	0.442	20.42
Japanese Yen 1,000	3.044	4.265	12.04	1000.	36.77	9.574	13.55	7321.	5.319	24.85
French Franc 10	0.828	1.160	3.274	271.9	10.	2.603	3.684	1991.	1.446	66.85
Swiss Franc	0.318	0.446	1.258	104.5	3.841	1.	1.415	764.7	0.556	25.68
Dutch Guilder	0.225	0.315	0.889	73.82	2.714	0.707	1.	540.4	0.393	18.15
Italian Lira 1,000	0.416	0.583	1.644	136.6	5.023	1.308	1.850	1000	0.726	33.58
Canadian Dollar	0.572	0.802	2.264	188.0	6.910	1.800	2.547	1377.	1.	46.22
Belgian Franc 100	1.238	1.735	4.898	406.8	14.96	3.895	5.511	2978.	2.163	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9¼	9¾-9⅞	9⅜-9⅝	5¾-5⅞	1⅜-1⅝	5½-5⅝	12-12¼	16-17	9½-10	8½-10	6 1/16-6 3/16	12¼-12¾
7 days' notice	9⅛-9¼	9⅜-9⅝	9¼-9¾	5¾-5⅞	6⅛-6¼	5 9/16-5 11/16	12-12¼	16-17½	10½-11	10¼-10¾	6⅛-6¼	11⅝-12⅛
Month	9¼-9⅜	9½-9¾	9½-9¾	5 11/16-5 13/16	3⅝-3¾	5 11/16-5 13/16	12⅛-12⅝	16⅞-17⅝	10¾-11¼	10½-10¾	6⅛-6¼	11¼-11¾
Three months	9⅜-9½	9 11/16-9 13/16	9 11/16-9 13/16	6-6⅛	3⅝-3¾	5⅞-6	13¼-13⅜	17-17½	11½-12	10⅞-11⅛	6 3/16-6 5/16	11-11½
Six months	9 7/16-9 9/16	9 15/16-10 1/16	9 15/16-10 1/16	6 1/16-6 3/16	3 15/16-4 1/16	6 1/16-6 3/16	13 13/16-14 3/16	17⅛-19	11⅝-12⅛	11⅛-11⅝	6 5/16-6 7/16	11-11½
One year	9⅞-10	10¼-10½	10-10¼	6½-6⅝	4⅛-4¼	6⅜-6½	14⅛-14¾	18-18½	11⅛-12	11⅛-11⅝	6 7/16-6 9/16	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 9 13/16-9 15/16 per cent; seven days 9⅝-9¾ per cent; one month 9⅝-9¾ per cent; three months 9 13/16-9 15/16 per cent; six months 9 15/16-10 1/16 per cent; one year 10⅜-10½ per cent. Long-term Eurodollars two years 11-11⅛ per cent; three years 11⅛-11¼ per cent; four years 11⅜-12 per cent; five years 12-12⅛ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Firmer trend

Prices were firm on the London International Financial Futures Exchange yesterday. Eurodollars for March delivery opened firm at 90.12, but this was the lowest level of the day. The strong start was a continuation of events on the IMM in Chicago Monday night, although the market then entered a quiet phase until the IMM returned as buyers again in the afternoon. A rise of 0.3 per cent in December U.S. consumer prices was very much in line with market expectations, but publication of the figure tended to give Eurodollar contracts a boost, with March closing at 90.15, just below the day's high of 90.16.

Other figures are expected to give guidance about the pace of U.S. economic recovery, including today's announcement on durable goods, Friday's trade figures, and leading indicators due for publication next Tuesday.

March gilts also began firm at 108-17, but still the lowest level of the day. The contract rose to a best level of 109-00, assisted by the firm close to the U.S. bond market on Monday, but then weakened in nervous trading as sterling fell below the $1.40 level. This was generally seen as a reflection of the strong dollar however, and the March contract ended firmer on the day at 108-27, against 108-14 on Monday.

Three-month sterling deposits opened at 90.51 for March delivery, compared with 90.52 at the previous settlement. It rose in fairly quiet trading however, to close at the day's peak of 90.54.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.16	90.19	90.12	90.11
June	89.79	89.81	89.77	89.77
Sept	89.50	89.52	89.49	89.46
Dec	89.22	89.22	89.22	89.22
March	89.03	—	—	89.03

Volume 1,382 (1,395)
Previous day's open int 9,438 (9,450)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.54	90.54	90.50	90.52
June	90.30	90.30	90.26	90.29
Sept	90.10	90.10	90.16	90.12
Dec	89.96	—	—	89.91

Volume 548 (388)
Previous day's open int 5,894 (5,925)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-27	109-00	108-17	108-14
June	108-07	108-09	108-01	107-28
Sept	107-25	—	—	107-14
Dec	107-11	—	—	107-01
March	106-30	—	—	106-21

Volume 4,088 (3,387)
Previous day's open int 4,019 (4,079)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 28 to 40 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4007	1.4040	1.3980	1.4088
June	1.4022	—	—	1.4103
Sept	1.4042	—	—	1.4123

Volume 316 (757)
Previous day's open int 2,411 (2,370)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3557	0.3562	0.3549	0.3579
June	0.3589	—	—	0.3610
Sept	0.3641	—	—	0.3641

Volume 101 (79)
Previous day's open int 373 (372)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4486	0.4491	0.4484	0.4511
June	0.4536	—	—	0.4561
Sept	—	—	—	—

Volume 85 (15)
Previous day's open int 151 (161)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4286	0.4290	0.4286	0.4298
June	0.4324	—	—	0.4336
Sept	—	—	—	—

Volume 10 (17)
Previous day's open int 302 (317)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-08	71-13	71-06	71-08
June	70-20	70-25	70-19	70-21
Sept	70-01	70-07	70-01	70-03
Dec	69-17	69-22	69-17	69-18
March	69-03	69-06	69-03	69-08
June	68-21	68-23	68-21	68-21
Sept	—	—	—	68-09
Dec	67-29	67-29	67-29	67-30
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.01	91.06	90.98	90.99
June	90.69	90.73	90.67	90.68
Sept	90.41	90.44	90.40	90.39
Dec	90.15	90.17	90.14	90.15
March	89.89	89.92	89.89	89.89
June	89.66	89.69	89.66	89.67
Sept	89.44	89.44	89.44	89.45
Dec	—	—	—	89.25

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.36	90.42	90.31	90.33
June	89.95	90.00	89.92	89.93
Sept	89.61	89.63	89.61	89.58
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.88	89.92	89.84	89.86
June	89.52	89.56	89.50	89.51
Sept	89.21	89.25	89.18	89.19
Dec	88.93	88.94	88.91	88.91
March	88.65	88.66	88.62	88.62
June	88.40	88.40	88.40	88.37

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.3995	1.4040	1.3960	1.4035
June	1.4005	1.4030	1.3940	1.4050
Sept	1.4040	1.4055	1.4005	1.4070
Dec	1.4060	1.4075	1.4020	1.4090
March	1.4080	1.4095	1.4020	1.4110
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-31	70-04	69-30	70-00
June	69-02	69-06	69-02	69-03
Sept	68-09	68-10	68-08	68-08
Dec	67-17	67-18	67-17	67-16
March	—	—	—	—
June	66-11	66-11	66-10	66-09
Sept	—	—	—	65-26
Dec	—	—	—	65-13

MONEY MARKETS

UK rates slightly firmer

Interest rates rose slightly in London yesterday in rather featureless trading. Period rates may have been marked up partly in reaction to sterling's weaker trend against the dollar. Three-month interbank money was quoted at 9 7/16-9½ per cent compared with 9⅜-9½ per cent while three-month eligible bank bills were sold at 8 13/16 per cent, unchanged from Monday.

Overnight interbank money traded up to a high of 9½ per cent, but eased later in the day to finish around 7½ per cent.

The Bank of England forecast a shortage of around £400m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £292m and Exchequer transactions a further £140m. In addition banks brought forward balances £42m below target. These were partly offset by a fall in the note circulation of £68m.

The bank revised the shortage to around £500m and gave assistance in the morning of £275m. This comprised purchases of £1m of eligible bank bills in band 1 (up to 14 days) at 9 1/16 per cent and in band 2 (15-33 days) £109m at 9 per cent. In band 3 (34-63 days) it bought £23m of eligible bank bills at 8 15/16 per cent and in band 4 (64-91 days) £142m at 8⅞ per cent.

The forecast was again revised to a shortage of around £450m before taking into account the morning help and further assistance was given in the afternoon of £101m. This comprised purchases of £20m of eligible bank bills in band 1 at 9 1/16 per cent and in band 2 £2m of local authority bills and £14m of eligible bank bills all at 9 per cent. In band 3 it bought £14m of eligible bank bills at 8 15/16 per cent and in band 4 £51m at 8⅞ per cent. The Bank also provided late assistance of around £50m.

In New York the Federal authorities added reserves to the money market through two-day system repurchase agreements with Fed funds trading at 9¼ per cent at the time. This follows Monday's action when the Fed injected around $2.5bn of liquidity through customer repurchase agreements.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Jan. 24	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	12	1-2	5⅝-5¾	6.15995	17⅝-18	6.80	12-12¼
One month	5.95-6.05	12 1/16-12 3/16	3⅛-3¼	5⅞-6	6.15629	17⅝-19	10⅜-10¾	12-12¼
Two months	5.95-6.05	12 1/16-12 3/16	—	—	—	—	—	12-12¼
Three months	6.05-6.20	12 1/16-12 3/16	3⅛-3⅜	6-6⅛	6.29125	17¾-18⅛	10⅞-11⅛	12-12¼
Six months	6.25-6.35	12 1/16-12 3/16	—	6¼-6⅜	—	—	11¼-11⅝	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 24 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	7⅛-9⅜	9-9 1/16	9¼-9½	7¾-9¼	—	—	—	—	—
2 days notice	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9 1/16-9 3/16	9⅛	9¼-9⅜	9-9⅛	—	—	—	—	—
One month	9¼-9⅛	9 3/16-9 5/16	9⅛	9 3/16-9 5/16	9-9 1/16	9-9 1/16	8 15/16	9 1/16	9	9 5/16
Two months	9⅜-9⅛	9¼-9⅜	9¼	9⅛	9-9 1/16	8 7/8	9⅞	8 15/16-8 13/16	8 15/16	9 5/16
Three months	9 7/16-9 9/16	9 7/16-9½	9⅜	9½	9-9⅛	8⅞	8 13/16-8 15/16	8 13/16	8⅞	9 7/16
Six months	9½-9 9/16	9⅝-9 11/16	9½	—	—	—	—	9-9 1/16	9 3/16	9 7/16
Nine months	9 11/16-9 13/16	9¾-9⅞	9¾	—	—	—	—	—	—	—
One year	9 13/16-9 15/16	9 15/16-10 1/16	9⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¾-9½	—	9 7/16	9.45-9.55	8 9/16-8 11/16	9 1/16-9¼
Two months	9¾-9½	—	9 7/16	9.50-9.60	8 9/16-8 11/16	9 1/16-9⅜
Three months	9¾-9½	—	9 9/16	9.45-9.55	8 13/16-8 15/16	9⅝-9 11/16
Six months	9⅞-9⅝	—	9 11/16	9.7-9.8	9 1/16-9 3/16	8 15/16-9⅛
Nine months	9⅞-9⅝	—	9 13/16	9.9-10.1	—	—
One year	9⅞-9⅝	—	10	10.08-10.20	9 3/16-9 5/16	10-10 1/16
Two years	—	10⅜	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8681 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. January 24)

3 months U.S. dollars	
bid 9 3/4	offer 9 7/8

6 months U.S. dollars	
bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	9⅜
Fed funds at intervention	9½

Treasury Bills

One month	9.80
Two month	9.85
Three month	9.90
Six month	9.99
One year	9.03

Treasury Bonds

Two year	100⅞
Three year	100 11/32
Four year	100¾
Five year	100⅜
Seven year	101
10 year	100 21/32
30 year	102 11/32

APPOINTMENTS

New chief for Brown Shipley

BROWN SHIPLEY & CO LIMITED states that, following the retirement of Mr P. H. Dunn on March 31, Lord Farnham will become chairman of the bank. Mr P. J. Thurbin, a joint managing director, will become deputy chairman. Mr R. M. Mansell-Jones will become a joint managing director on April 1 and will be succeeded as head of the bank's corporate finance department by Mr J. P. van Kuffeler. Mr J. J. Reed, a joint managing director, will be retiring on October 31.

*

Mr Michael C. D. Letts has joined SCANDINAVIAN BANK as manager — UK banking. He was previously with Barclays Export Services and earlier with UDT International Finance. Other appointments include Mr John V. Gayner as managing director of Scandinavian Trading and Financial Services, the bank's confirming house.

*

Mr David Langton has been appointed a director of GNI, the financial futures broking subsidiary of Gerrard & National and Intercommodities.

*

Lord Gregson has become president of the DEFENCE MANUFACTURERS ASSOCIATION OF GREAT BRITAIN following the retirement of Lord Hill-Norton. Lord Gregson, chairman of the Association since 1980, is chairman of Fairey Nuclear and an executive director of Fairey Holdings.

*

Mr Neil Roberts has been appointed general manager of CHEMICAL BANK'S UK leasing group which operates through Chemco Equipment Finance. Mr Roberts takes over from Mr David Moring who has taken up a new position in the bank's London branch. Prior to this appointment Mr Roberts was the European credit officer for the Chemco leasing group's European region.

*

NATIONAL GIROBANK is setting up a Scottish board. The part-time chairman will be Mr Lewis Robertson, who takes up his appointment in February. Mr Robertson is chairman of F. H. Lloyd Holdings and Triplex Foundries Group. The board, based at the bank's Scottish office in Edinburgh, will consist of non-executive members drawn from commerce and industry in Scotland, together with full-time managers of the bank and Post Office, including Mr Bryan Cassidy, general manager of the bank in Scotland.

*

Mr Charles H. Cunningham has been appointed commercial director of P & O's deep sea cargo division. He was general manager (planning/systems) in the division.

*

Mr Graham A. McCulloch has been appointed to the board of FAIRVIEW ESTATES (INVESTMENTS).

*

FENCHURCH INSURANCE HOLDINGS has reorganised its UK domestic operations into Fenchurch Insurance Brokers. The executive committee of the new company will consist of the following directors. Mr Peter Bedford (chairman), Mr Terry Taunton (managing director), Mr Bob Matthews (deputy managing director) and Mr Colin Percival. The acquisitions John C. Price and Co and John C. Price (Life and Pensions Brokers) in Sheffield, will be part of Fenchurch Midlands, a division of Fenchurch Insurance Brokers. Mr John Price is appointed divisional managing director. Mr Iain Walker is appointed managing director of Fenchurch Life and Pensions Consultants and of Fenchurch Trustees. He will also be joining the board of Fenchurch Insurance Brokers. Mr Walker was previously a partner in Towers Perrin Forster and Crosby.

*

W. VINTEN has appointed Mr Peter W. Wayne its director of television.

*

DRAKE AND SCULL has appointed Mr Michael Munton as director of marketing and technology. During the past 12 years Mr Munton worked throughout Europe for Eaton/Cutler-Hammer, Landis and Gyr and, most recently, for Eris Manufacturing Co Inc.

*

Mr Peter A. C. Jennings will join VAUX BREWERIES on January 30 in the new post of marketing director with the major brewery subsidiary Vaux (Sunderland). He was with Scottish and Newcastle where he was general manager of Mackays Soft Drinks, Felling.

*

Changes to the board have been made by ENVOPAK. Current managing director, Mr Frank Arthur, who set up the company in 1958, has been appointed chairman. He has also been made chairman of the group's sales and marketing subsidiary, Envopak Group Sales, of which he was also previously managing director. Mr Alan Ching has been appointed managing director of Envopak Group Sales. Previously the company's sales director, Mr Ching, joined the company's sales team in 1963. Taking over as sales director of Envopak Group Sales will be Mr Alf Bangle, the group's national sales manager.

*

PA has made the following appointments to its international board: Mr John Foden, a member of the UK board of PA and head of PA Personnel Services; Mr Peter Merigan, chief executive of PA in Australia since 1981; Mr John Jarvis, chief executive of PA Computers and Telecommunications (PACTEL) Europe. Mr Derek Maclaren, who until the end of 1983 was PA's corporate development and marketing director, has become a non-executive member of the international board. He is replaced by Mr Keppel Simpson who was previously chief executive in North America.

*

Mr Carl Duerr has been appointed to the board of ROBERT FLETCHER AND SON. Mr Duerr, an international management consultant, has also been appointed deputy chairman.

*

SENTRY (UK) INSURANCE COMPANY has made Mr George Lowe a director. Mr Lowe, who joined the Sentry Group six years ago, is assistant general manager and will continue to have specific responsibility for underwriting and administration.

*

WOOLWORTH HOLDINGS has appointed Mr Bryan Pickering to the board as an executive director, responsible for property maters. Mr Pickering is development director of the Arrowcroft Group, where he has been for the past four years.

CONTRACTS

£6m orders for E. Thomas and Co.

E. THOMAS AND CO., West Country building and civil engineering contractor, part of the Mowlem Group, has been awarded contracts worth £6m. The largest order, worth £2.2m, is for a spray drier building plus ancillary buildings and associated drainage and external works, at the Dairy Crest Creamery, Torrington. The client is the Milk Marketing Board. Another contract for the Milk Marketing Board, worth £270,000, is to build a butter-making plant, chiller room and loading dock, and concrete bases for milk silos, alterations within the existing factory and the construction of a concrete weigh-bridge base at Camborne in Cornwall. Other work includes a £1m contract for stabilisation of an armoured rubble mound against part of the Mount Batten breakwater in Plymouth Sound, including initial dredging work down to rock base, for Property Services Agency.

*

SIMONBUILD has been awarded a third contract by Cyril Bernstein, manufacturer of Homecharm Furniture, for extensions at Rhodes Mill, Middleton. This stage is worth about £950,000. Work has started and is due to be complete by late spring.

*

At Grantham's Isaac Newton Centre, DOW-MAC CONCRETE'S part in the project is worth £585,000 and involves providing the frame and double tee beams for a multi-storey car park adjacent to a shopping development by the Leeds-based William Morrison Group. Aethetic considerations meant that Dow-Mac had to provide pre-cast concrete with an exposed aggregate finish to the external elevations. The buildings will have a colonade profile with low arches. In the South London suburb of Streatham, a Safeway superstore and car park, worth £450,000 to Dow-Mac, is another example of a Spanframe structure. A further superstore and car park is being built with Dow-Mac frames and Double Tee flooring at Stratford-on-Avon. This contract is worth £220,000. Two similar projects for ASDA involve sites at Shipley, Yorkshire, and Greenwich, South-East London. The Shipley scheme is a joint development with the county council including a new library and is worth £205,000 to Dow-Mac. At Greenwich the £300,000 contract will also involve supplying the frame and Double Tee flooring. Dow-Mac is a Norcros company.

*

H. H. ROBERTSON (UK) has won orders worth £2.5m for its protected metal wall and roof cladding panels. More than £500,000 worth of Trimdeck has been specified in three contracts around the country—two superstores in Edinburgh and Cardiff and industrial premises in Leeds. Formawall, H. H. Robertson's architectural wall cladding has been specified in a £147,000 contract at Winnersh Triangle in Reading, and over £460,000 of composite panels have been specified for military bases in the UK. Flooring orders have been received worth £44,000 for platform and Buroplan 150 with three-way segregation.

*

HADEN YOUNG, building services subsidiary of Haden, has been awarded contracts worth £4.5m for a variety of public, industrial and commercial buildings. The largest public sector order, worth £328,000, is for mechanical and electrical services for a new County Court building at Brighton. Other work includes air conditioning for an office complex for Ferranti FGTE worth £425,000, and mechanical services for special accommodation units for the South East Thames Regional Health Authority.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Bank of Tokyo to raise Ecu 40m

By Peter Montagnon, Euromarkets Correspondent

BANK OF TOKYO is raising Ecu 40m through a seveo-year 10⅛ per cent bond issue priced at par and led by Kredietbank International.

The issue follows hard on the heels of an Ecu 18m bond for Boston International Finance last week and is the latest io a lioe of Ecu issues that have become increasingly easy to place as European investors seek to diversify out of expensive dollar paper.

BHF Bank bond average		
Jan 24		Previous
98.484		98.503
High	1983-84	Low
102.017		97.699

The dollar bond market was extremely quiet yesterday, with no new issues except for the previously announced $150m floating rate note for Sanwa Ioternational Finance. Also fixed yesterday were the terms on the $70m, five-year issue with warrants for Nissho Iwai led by Nomura International. The 8½ per cent bonds will bear warrants to purchase the company's shares at a price of Y308, which is 0.654 per cent over yesterday's closing price. Issue price is par.

German and Swiss markets were slightly lower. Bank Mees & Hope is raising Fl 100m through a Euroguilder issue with a coupon of 8¼ per cent priced at par and led by itself with Algemeoe Bank Nederland, Amro Bank, Pierson Heldring & Pierson as well as European Banking Morgan Guaranty. Union Bank of Switzerland has fixed the coupoo of the SwFr 100m, eight year issue for Tohoku Electric Power at 5¾ per cent with issue price par.

Citibank to lift UK mortgage loans by £75m

By David Lascelles, Banking Correspondent, in London

CITIBANK, the large U.S. bank, is to boost its mortgage lending in the UK by up to £75m ($105.7m).

The bank has raised a sterling loan for this amount from a group of international banks. It will channel the funds into the UK home loan market through its UK retail banking subsidiary, Citibank Savings.

Mr Les Biller, chairman of Citibank Savings, said that the loan was intended to demonstrate a "serious commitment" to making mortgages. He also said Citibank wanted to be a "consisteot" lender. UK banks have beeo criticised for their "oo-off" mortgage lending.

Although Citibank Savings has nearly 50 branches in the UK, it makes mortgages mainly through three insurance companies, the Legal and General, the Norwich Union and Scottish Life. Its current mortgage portfolio totals about £250m, built up over the last three years or so. This represents more than half its total balance sheet of £450m.

Citibank currently charges 12¼ per ceot, well over the basic building society rate of 11¼ per cent. But Mr Biller said Citibank was competitive on large mortgages, where it specialises. The average loan is £25,000.

The £75m loan, which was managed by Citicorp Capital Markets Group, S.G. Warburg and Dai-Ichi Kangyo Bank, was specially tailered to fund mortgages: it carries a floating rate of interest and is for five years, the average actual life of a mortgage.

World Bank praise for Ozal policies

By David Barchard in Ankara

MR A W CLAUSEN, president of the World Bank, praised the economic policies of Mr Turgut Ozal's Government and said the World Bank was "strongly supportive" of ecooomic measures taken in recent months in Turkey.

Mr Clausen pointed out that Turkey, which has received four structural adjustment loans totalling $1.3bn, has received more of this form of World Bank lending than any other country. World Bank loans to Turkey in the last four years total $2.26bn.

Mr Clausen singled out rural development and agriculture, and energy and export orientation programmes, as sectors receiving most attentioo from the World Bank in Turkey. He declined, however, to reply to inquiries that the World Bank may be considering assistance for the $2.5bo Ataturk high dam on the Euphrates.

The World Bank, with other international agencies, has so far refused to lend money to the project because of objections from Syria and Iraq, but Turkey claims these have now been overcome.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 24.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Comm 11¼ 90	100	100½	101	0	-0¾	11.96
Australia Comm 11½ 95	300	97¼	97¾	0	-0¼	11.88
Australia Comm 11⅝ 98	100	97¼	97¾	0	-0¼	11.98
Bank of Tokyo 11 90	100	95⅝	95⅞	+0⅛	-0½	12.06
Bank of Tokyo 11⅞ 90	100	98¼	99¾	+0⅛	-0⅝	12.10
British Col Hyd 10⅛ 88	200	95⅛	95⅝	-0¼	-0⅝	11.37
Brinoil Fin 11⅞ 90	125	99½	100	-0⅛	-0⅜	11.98
Canada 10⅞ 88	500	98¼	98¾	-0⅛	-0½	11.27
C.C.C.E. 12⅝ 98	75	100⅛	100⅝	+0⅛	+0⅛	12.51
C.I.B.C. 11 90	75	92¼	93	+0⅛	0	12.75
Citicorp O/S 10⅝ 90	100	91½	92	0	-0¼	12.30
Citicorp O/S 11¾ 90	100	98⅛	98⅝	+0⅛	-0¼	12.05
Cred Suisse BAH 10½ 90	150	98⅜	98⅞	-0⅛	-0¾	10.90
Den Norske Cred 11¼ 93	50	92⅜	92⅞	-0⅛	-0½	12.61
Denmark Kingdom 12⅝ 93	100	98	98½	+0⅛	+0⅛	12.56
E.C.S.C. 11⅞ 90	75	99½	99¾	0	-0⅝	11.95
E.D.F. 11⅛ 93	100	93½	94	0	-0⅝	12.27
E.E.C. 11 87	350	98½	99	0	0	11.40
E.E.C. 12 93	50	99⅝	100⅛	0	0	12.01
E.I.B. 10⅝ 93	200	92¼	92¾	+0⅛	0	12.11
E.I.B. 11 91	125	94¾	95¼	-0⅛	-0⅜	12.07
E.I.B. 11½ 90	200	97	97½	+0⅛	-0⅜	12.10
Exportfinans 11½ 90	100	96⅞	97⅜	0	-0¼	12.12
Electrolux 10½ 90	50	92⅞	93⅜	0	-0¼	12.08
Fuji Int Fin 10⅞ 90	100	93½	94	0	-0¾	12.33
GMAC O/S Fin 11⅞ 90	100	99½	100	+0⅛	-0¼	11.48
Honeywell Int 10⅝ 90	100	96	96½	+0⅛	-0⅛	11.61
IC Indust Fin 11⅞ 90	75	96¼	96¾	0	-0⅜	12.35
Indust Bk Japan 11⅞ 91	100	98⅞	99⅜	0	-0⅜	12.03
ITT Finance 11½ 89 WW	125	98⅞	99⅜	0	-0½	11.57
Japan Air Lines 10⅞ 88	42	93	92½	0	-0⅜	12.82
Japan Air Lines 11 93	75	94⅞	95⅜	+0⅛	-0⅞	11.88
J.C. Penney 11⅞ 90	100	100⅝	101⅛	+0⅛	-0⅞	11.65
J. P. Morgan 11⅜ 90 WW	150	95½	96	+0⅛	0	11.62
Levi Strauss Intl 11 90	75	96⅜	96⅞	+0⅛	0	11.74
L.T.C.B. 10⅝ 90	100	93⅜	93⅞	0	-0⅜	12.22
L.T.C.B. 12½ 90	80	101⅜	101⅞	0	-0⅞	12.10
Merrill Lynch 10⅝ 88	200	95	95½	+0¼	-0⅛	11.71
Mitsubishi Fin 11⅜ 90	100	95⅜	95⅞	+0⅛	-0¾	12.36
Nippon Credit 11 88	100	94	94½	0	-0⅝	12.33
Nippon Credit 11⅞ 90	100	97¾	98¼	+0⅛	-0⅞	12.30
Ontario Hydro 10¼ 88	250	93¼	93¾	-0⅛	-0⅜	11.73
Ontario Hydro 11¾ 90	200	100⅛	100⅝	0	-0⅜	11.63
Pacific Gas & Elec 12 91	75	101¾	102¼	+0⅛	-0⅜	11.57
P.K. Banken 12 88 WW	75	97	97½	+0¼	+0⅛	12.60
Prudential 10⅛ 93 WW	150	95⅛	95⅝	+0½	-1¼	10.90
Prudential 10⅛ 93 XW	150	89⅜	90⅜	0	-0⅜	11.88
Quebec Hydro 11½ 92	100†	97¾	98¼	0	-0½	11.86
Sears O/S Fin 11½ 88	125	101	101½	0	-0⅜	11.13
Sears O/S Fin 11⅝ 93	150	98¼	98¾	0	-0¼	11.87
Sth Cal Edison 10½ 90	75	95	95½	0	-0⅞	11.58
Sumitomo Fin 10⅞ 90	100	93⅝	94⅛	+0⅛	-0⅜	12.28
Texaco Capital 10½ 93	200	94⅛	94⅝	0	-0⅞	11.45
U.B.S. 10 88	100	98	98½	-0⅛	-0⅜	10.50
World Bank 11⅛ 88	100	99	99½	+0¼	-0½	11.43
World Bank 11¼ 90	200	96⅜	96⅞	+0⅛	-0½	11.98
World Bank 11½ 90	150	97⅞	98⅜	+0⅛	-0¼	11.89
World Bank 12 93	200	100	100½	+0⅛	-0½	11.93

Av. price changes: on day 0, on week -⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	97½	98	+0⅛	0	8.65
A.N.A.S. 8½ 91	150	97⅞	98⅜	0	-0½	8.87
Arab Banking Corp 8 88	100	96⅛	96⅝	-0⅛	0	8.97
Asian Dev Bk 8½ 93	200	100	100½	0	+0⅜	8.45
Austria, Rep 7⅝ 88	100	100⅝	101⅛	+0⅛	-0½	7.44
Amro Int Fin 7½ 93	100	100½	101¼	0	-0⅜	7.38
Barclays O/S 8⅛ 88	250	98⅝	99¼	0	-0¼	8.24
Beatrice Foods 7⅝ 93	130	102½	103	0	-0⅛	7.33
E.C.S.C. 8 90	100	100½	101	-0⅛	+0⅛	7.83
E.I.B. 8 93	200	98¾	99½	+0⅜	+0⅛	8.12
Eurofima 7½ 90	100	100⅝	101⅜	+0⅛	-0⅛	7.25
Europarat 8¼ 93	150	99⅝	100⅛	+0⅛	+0½	8.22
Finland Rep 8 90	150	99⅞	100⅜	+0⅛	+0¼	7.96
I.A.D.B. 8⅝ 93	150	97½	98	0	-0⅜	8.59
Int Standard Ele 7⅝ 90	100	99⅞	100⅜	0	+0⅛	7.35
Int Standard Ele 7¾ 93	100	101⅝	102⅛	0	+0⅛	7.46
Ireland 8⅝ 91	150	100¼	100¾	0	-0⅜	8.52
Japan Dev Bank 7½ 90	100	100½	101	0	-0⅜	7.34
L.T.C.B. 8 90	100	100⅝	101½	+0¼	+0⅜	7.76
Megal Fin 8¼ 94	150	96⅞	97⅜	0	-0¼	8.88
Sth Africa Rep 8½ 91	200	99⅛	99⅝	+0⅛	0	8.61
S.N.C.F. 8⅛ 93	100	99¾	100½	0	0	8.18
VEBA Int Fin 4 93 WW	300	125⅝	126⅝	+0⅛	+5⅝	1.19
VEBA Int Fin 4 93 XW	300	77½	78	-0⅛	+1¼	7.22
World Bank 7⅞ 88	300	99⅞	100⅜	-0¼	-0¼	7.83
World Bank 8 93	300	98⅝	99⅛	+0½	-0⅛	8.10

Av. price changes: on day 0, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7⅛ 91	57†	77¼	77½	0	+0¼	11.83
Bank of Tokyo 6 91	100†	102¼	103½	-0⅜	-0¼	5.60
Denmark 6⅛ 91†	100†	102	102½	-1⅜	-0⅞	5.98
E.E.C. 6 93	100†	101¼	101½	+0¼	0	5.81
Elec Power Dev 5⅝ 93	100†	100¼	100½	0	-0¼	5.57
Europarat 6⅛ 93	100†	100	100¼	+0¼	0	6.10
Ind Fund Fin 6¼ 91	40†	101¾	102	+0½	+0⅛	5.93
Int-Am Dev Bk 6 93	100†	100½	100¾	-0⅛	-0¼	5.91
Ireland 6½ 93	80†	101¾	102	+0¼	+0¼	6.24
Japan Dev Bank 5⅞ 93	100†	102	102¼	+0¼	-0½	5.58
Jap Highway Pub 5⅝ 91	100†	101¼	101½	-0¼	-0½	5.48
Kansai Ele Power 6 91	100†	102½	102¾	-0½	-0½	5.56
Manitoba Prov 5½ 93	100†	102	102⅛	-0¼	-0½	5.21
Mont Blanc Tunl 6⅞ 93	35*	102¾	103	-0¼	+0¼	5.97
Mount Isa Finance 6 93	100*	103	103½	-0¾	0	5.56
MTG Bk Denmark 6¼ 91	80†	101	101½	-0⅝	-1⅛	6.04
New Brunswick 5¾ 93	100†	102	102½	-0½	-1⅜	5.44
Nippon Tel & Tel 5⅞ 93	100†	103	103¼	-0⅜	-0⅝	5.33
Nisshin Steel 6¼ 91	100†	102	102¼	+1	+0½	5.88
Osterr Post 6⅛ 91	100†	103	103¼	-0⅜	-0¼	5.59
Quebec Province 5⅝ 93	100†	100⅝	101	-0⅛	-0½	5.58
Shikoku Elec Power 6 91	100†	102⅝	103	-0¼	0	5.53
Soc Lux Cent 5⅞ 93	100†	99½	99¾	0	-0½	5.80
Sumitomo Heavy Ind 6 91	100†	100⅝	101⅛	-0⅝	-1⅛	5.83
Tokyo Elec Power 5⅞ 91	100†	103	103¼	+0½	+0⅛	5.38
Trizec Corp 6¼ 93	100†	101½	101¾	0	-0⅛	5.90

Av. price changes: on day -⅛, on week -⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	107	107½	-0⅛	0	7.46
E.I.B. 8⅛ 92	15	103⅝	104½	-0⅛	0	7.88
Int-Am Dev Bk 7⅞ 93	15	102⅜	102⅞	-0⅛	+0½	7.48
New Zealand 7⅞ 89	15	104	104½	-0⅜	-0¼	6.88
World Bank 7⅝ 93	20	102½	103	-0⅛	+0⅛	7.22

Av. price changes: on day -⅛, on week -½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125	97⅛	98⅛	0	-0⅛	12.36
E.I.B. 12⅛ 91 C$	90†	97⅝	98⅛	0	-0⅜	12.52
Loblaw 12½ 90 C$	35†	95⅛	96⅝	0	-0⅛	12.82
Montreal City of 12 90 C$	50†	99⅛	99⅝	0	+0⅛	12.35
Quebec Hydro 12⅝ 93 C$	50†	102¼	102¾	0	-0⅛	12.27
Royal Trstco 12⅝ 88 C$	50†	101¼	101¾	+0⅛	0	12.18
World Bank 12⅛ 90 C$	75†	101	101½	+0⅛	+0⅛	11.84
Compagnie Banc 11 90 ECU	37	99⅛	100⅛	0	0	11.02
SDR France 11⅛ 95 ECU	20	99⅞	100⅝	+0⅛	+0⅛	11.36
Algemene Bank 8⅜ 88 Fl	150	102½	103	-0⅛	-0⅛	7.80
Amro Bank 8⅜ 88 Fl	100	102⅜	103⅛	-0⅛	-0⅛	7.88
Bank Mees & Hope 8 88 Fl	75	102⅛	103⅛	-0⅛	-1	8.14
Ned Middenstandbk 8 88 Fl	100	102½	103	0	0	8.26
Rabobank 8 88 Fl	100	102½	103	-0⅝	-1⅛	8.28
World Bank 8 88 Fl	100	102⅜	102⅞	-0⅛	-0⅜	8.27
O.K.B. 14 88 FF	400	101¼	102⅛	0	+0¼	12.35
Solvay & Cie 14⅝ 86 FF	200	102⅞	103⅝	+0⅛	+0⅛	13.06
B.F.C.E. 11½ 88 £	50	98⅝	100⅛	0	+0⅛	11.42
British Oxyg 11⅜ 91 £	50	100⅝	101⅛	0	+0½	11.64
CEPME 11¼ 95 £	35	104⅝	105⅝	0	+0⅛	10.46
CIBA-Geigy Int 8⅝ 93 £	25	100⅝	102⅛	-1⅜	-0⅝	8.53
Commerzbank 11½ 98 £	25	97⅜	98⅜	+0¼	+0⅛	14.67
E.E.C. 11⅞ 91 £	50	100⅞	101⅜	0	0	11.60
E.E.C. 11⅞ 93 £	50	100⅜	101⅛	0	-0⅛	11.67
Fin For Ind 10½ 90 £	20	95⅛	96	+0⅛	+0½	11.48
Finland Rep 11⅞ 88 £	50	101⅞	102⅛	0	+0⅜	11.33
Gen Elec Co 12½ 89 £	50	103⅜	104⅛	+0½	0	11.34
I.I.I. 10⅝ 93 £	25	95⅝	96⅝	0	+0⅛	11.52
I.I.I. 11½ 91 WW £	50†	100	101	+0¼	+0¼	11.38
Norsk Hydro 12 98 £	30	101⅞	102½	+0⅛	+0½	11.42
Sweden 11¼ 93 £	50	97¾	98½	0	0	11.58
Swed Exp Cred 11¼ 88 £	30	99	99⅝	+0⅛	+0⅛	11.38
World Bank 11⅛ 88 £	100	99⅝	100	+0⅛	+0⅛	11.10
Eurofima 10 91 LuxFr	500	96½	100½	0	+0⅛	9.90
Europarat 10⅝ 93 LuxFr	600	100	101	0	-0⅛	10.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk 5⅛ 95	0¼	99⅞	99⅝	6/6	10.31	10.47
Banca di Roma 5¼ 90	0¼	99⅞	100⅛	7/6	10½	10.50
Belgium 5 2004	0⅛	99⅛	99⅝	6/7	10.31	10.39
Bk of New Yk 5⅛ 00 $	0⅛	99⅞	99⅝	12/4	10.06	10.11
C.C.F. 5¼ 95	0¼	99⅞	100⅛	7/4	9.94	9.94
C.C.F. 5⅛ 98 $	0¼	100	100⅛	24/2	10.19	10.17
C.O.C.A. 5¼ 95 XW	0⅛	100	100⅛	7/6	10½	10.40
Credit Foncier 5⅛ 93	0⅛	99½	100⅛	6/4	10	10.00
Credit Lyonnais 5⅛ 90	0⅛	99⅛	99½	10/7	10.19	10.25
Denmark 5⅛ 90	3/16	99⅝	100	13/4	10	10.01
Dresdner Fin 5¼ 93 XW $	0¼	100	100¼	15/4	9.94	9.93
EAB Fin 5 93 $	0⅛	100⅛	100⅝	20/6	10.00	10.00
E.E.C. 5 90	0⅛	100½	100¾	6/7	10⅛	10.35
Ext Int 5⅛ 90	0¼	99⅝	99⅞	21/6	10.81	10.08
Fst Interstate 5⅛ 95 $	0⅛	99½	99¾	6/3	9.94	9.99
Fuji Int'l 5¼ 90 $	0⅛	99⅝	99⅞	12/7	10⅛	10.20
Genfinance 5 94	0⅛	99⅝	100	10/7	10⅛	10.14
GZB 5¼ 88	0⅛	99½	99¾	29/6	10.10	10.23
Hispano 5¼ 95	0¼	99½	99⅝	29/4	10	10.08
Nat Bk Canada 5⅛ 91 $	0¼†	98½	98⅞	6/7	10.44	10.58
Quebec Hydro 5⅛ 94	0⅛	99⅝	99⅞	19/7	10⅛	10.16
Saitama Int 5¼ 93	0⅛	99⅞	100⅛	5/6	10.19	10.19
Soc Generale 5¼ 90 XW	0¼	99⅞	100⅛	6/6	10.31	10.31
Sweden 5¼ 2003 $	0¼	99⅞	100	17/6	10.19	10.20

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4⅛ 95	2/84†	100	98¼	98¾	+0¼	-5.27
Bridgestone Tire 5½ 98	3/82	470	130⅝	132¼	-1⅜	3.36
Canon 7 97	7/82	600.2	233¼	235¼	-3½	-0.06
Daiwa Sec Co 5½ 98	10/83†	481.8	105½	107	-1½	-1.38
Fanuc 3⅞ 98	1/84	6142	129⅜	130⅜	-0½	0.23
Hitachi Cable 5¼ 98	2/82	615	117⅝	118⅛	-0½	-1.12
Honda Motor 5⅛ 98	6/83	604	124⅝	125⅝	+0½	2.94
Honda Motor 5½ 97	3/83	759.6	142⅝	144⅛	-0⅜	0.05
Konishiroku Photo 4 98	10/83	873	102⅝	103⅛	-0⅜	2.53
Kyowa Hakko 6⅛ 87	2/83	762	118	120½	-1	7.26
Minebea Co Ltd, 5½ 98	6/83	667	108¾	110⅝	-1⅜	1.56
Mitsubishi Electric 5¼ 98	8/83	398	106¾	107¾	-0⅛	2.17
Mitsubishi Heavy 4⅞ 98	1/84	253	102⅛	103⅛	-1⅜	0.09
Nippon Electric 5¼ 97	2/82	785.9	102¼	104⅛	-2⅜	-0.37
Nippon Oil Co 6½ 98	4/83	984	110	111	-1¾	5.03
Nissan Motor 5¾ 98	4/83	700	108½	109½	-0⅛	0.83
Olympus Optical 6⅞ 97	12/82	1157	109⅛	110⅜	-0⅜	18.71
Orient Leasing 5⅝ 98	6/83	2690	101⅞	102⅞	-0⅜	-0.11
Secom 5 98	11/83	2020	101⅝	103½	-0⅜	-3.20
Yamaichi Sec Co 5 98	3/83	449.5	105½	107	-0¼	0.98
Yamanouchi Pharm'cal 4 90	10/83	1900	100⅛	102½	-0⅛	21.07
Bridge Oil 4¾ 93 SF	3/84†	3.43	110½	112½	-1	11.74
Tachiba 2⅞ 94 SF	1/84†	391	111¼	113¼	-0½	2.80
Asics 5 92 DM	12/83	520	117	118	0	10.34
Konishiroku 6¼ 88 DM	6/82	618	130½	131½	-0⅜	-2.05
Sun Realty 6¼ 92 DM	2/83	305	138½	139½	-3⅜	-0.41

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month, § above mean rate) for U.S. dollars. C.cpn. = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.